

SESSION OF 2006

**SUPPLEMENTAL NOTE ON HOUSE
SUBSTITUTE FOR SENATE BILL NO. 475**

As Amended by House Committee of the Whole

Brief*

House Sub. for SB 475 would create the \$5,000,000 State Affordable Airfare Fund, to be administered by the Department of Commerce. Moneys would be transferred to the Fund from the State General Fund or Special Revenue Funds subject to appropriations and would be used to fund the program to provide more air flight options, more competition for air travel and affordable air fares for Kansas, including a regional airport in western Kansas.

Funds would be distributed through an annual grant by the Department of Commerce to the Regional Economic Area Partnership (REAP) based on a match of 25.0 percent from local units of government or private entities and 75.0 percent from the State Affordable Airfare Fund.

Beginning on January 15, 2008, REAP would be required to evaluate and present a report to the House Committee on Appropriations and the Senate Committee on Ways and Means at the beginning of each regular session of the Legislature. In addition, REAP would be required to submit a report on the expenditures of the annual grant and local matching funds, as well as the results of such expenditures, to the Legislature.

Beginning during the 2006 Legislative Interim, the Legislative Budget Committee is directed to study and review the activities of REAP.

Background

SB 475 was introduced by the Senate Committee on Ways and Means. Representatives of the Wichita Metro Chamber, Cargill Meat

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Solutions, and the City of Hesston spoke in support of the bill. The City of Wichita and Sedgwick County provided written testimony in support of the bill. There were no opponents to the bill.

The Senate Committee on Ways and Means amended the bill to increase the amount required for REAP to access the State Affordable Airfare Fund from \$1.0 million to \$1.67 million in funding from local units of government and private entities, or a split of 75.0 percent state funds (\$5.0 million) and 25.0 percent local funds (\$1.67 million). In addition, the Senate Committee on Ways and Means added the requirement that REAP report each session to the Senate Ways and Means and House Appropriations Committees.

The Senate Committee of the Whole amended the starting fiscal year from FY 2006 to FY 2007 and the ending fiscal year from FY 2010 to FY 2011.

The House Committee on Appropriations adopted a substitute bill that eliminates the statutory transfer from the Economic Development Initiatives Fund and makes the fund subject to appropriations. The Committee also added a requirement that expenditures from the Fund be made to provide affordable airfares in a regional airport in western Kansas. The Committee expanded the reporting requirements for REAP by requiring a report to the Legislature each year on the expenditures of the grant and local matching funds, as well as the results obtained from those expenditures.

The House Committee of the Whole amended the bill to change the title of the fund from "State Affordable Airfare Fund" to the "\$5,000,000 State Affordable Airfare Fund."

The fiscal note on the original bill states that it would require a total transfer of \$5.0 million from the EDIF. If sufficient EDIF is not available, an appropriation from the State General Fund would be necessary to fully fund the program. Absent an appropriation from the State General Fund, EDIF funding for other programs would have to be reduced to fully fund the program in FY 2006 and FY 2007.