

Visioneering Unified Legislative Alliance
Affordable Airfares
LEGISLATIVE RESUBMISSION PROPOSAL – November, 2010

***Proposal:** The Regional Economic Area Partnership (REAP) requests that the Visioneering Unified Legislative Alliance continue to include in its identified priorities for the 2011 legislative session a request for continued state financial support to maintain and expand low cost commercial air service from Mid-Continent Airport.*

Background of issue (i.e., relevant data, history, date of original proposal, funding history):

Historically, Wichita has had some of the highest airfares in the country. Past efforts by low fare carriers to provide service in this market have been unsuccessful due to competition from legacy carriers that reduce ticket prices to below actual cost to the airline, thus eventually forcing the low fare carriers from the market.

In 2001, the city of Wichita initiated a public-private partnership to reduce airfares resulting in the Fair Fare\$ program which included a commitment from the public sector (City of Wichita and Sedgwick County pledged \$3.5 million to AirTran ending in May, 2006) to establish a loss mitigation fund, and a commitment of ridership pledges from the private sector of over \$7 million. Fair Fare\$ resulted in millions of dollars in savings for businesses and citizens flying out of Mid-Continent.

In 2006 the first Visioneering Unified Legislative Alliance Agenda included a request for state financial support to maintain and expand low cost commercial air service from Mid-Continent Airport and in the 2006 session of the Kansas Legislature, the Regional Economic Area Partnership (REAP) was assigned responsibility for administering the Kansas Affordable Airfares Program (KAAP) through enactment of House Substitute for Senate Bill 475 and the omnibus appropriation bill, Senate Bill 2968.

In 2006, REAP assigned the Executive Committee responsibility for overseeing KAAP, and a \$5 million grant from state appropriations was awarded to Sedgwick County, the only entity requesting funding in FY 2007. In each subsequent year appropriations were made by the legislature and based on review of the proposals and presentations, REAP awarded proposals from Sedgwick County as they addressed all statutory criteria for the allocation of funding including the priorities of maintaining affordable airfares to eastern U.S. destinations and developing affordable airfares to western U.S. destinations.

The original request and subsequent legislation identified funding for a five-year period, of which ended with FY 2011 (July 1, 2010 – June 30, 2011).

Describe the regional impact or significance to South Central Kansas:

The high cost of air service is a major factor to maintain and attract high wage jobs to the region. Mid-Continent Airport serves businesses throughout the region and the high cost of commercial air service is a significant burden on the business community in South Central Kansas.

Describe the relationship of the proposal to job growth, per capita income and/or education:

A fiscal impact study conducted by the Center for Economic Development and Business Research at WSU in 2008 concluded that AirTran's departure from Wichita would have a pronounced negative impact on the local economy and on state and local tax receipts. The study shows AirTran's presence in the Wichita MSA has increased employment by 9,720 jobs and the average annual payroll by \$283.4 million. It shows the state government has received \$5.25 of benefits for each \$1.00 of funding that has been provided to the Affordable Airfares Program.

Describe how this resubmission proposal is the same or different from the original proposal (i.e. is the intent the same, will the funding requested be utilized for same or new purposes, etc.)

At this time the intent of the proposal is the same with expectation of utilizing the funds for the same purpose as prior years.

Persons/Organizations/Groups with primary responsibility for advancing proposed legislation (please provide contact information, including telephone and e-mail):

All 37 of the local governments in REAP support the proposal along with a number of business groups and economic development organizations in South Central Kansas including the Wichita Metro Chamber of Commerce.

Draft of proposed legislation: (if applicable)