

105TH CONGRESS  
1ST SESSION

# S. 1013

To provide for the guarantee of the payment of interest on loans to certain air carriers for the purchase of regional jet aircraft to improve air transportation to underserved markets, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

JULY 14, 1997

Mr. FRIST (for himself, Mr. LOTT, Mr. BURNS, and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

---

## A BILL

To provide for the guarantee of the payment of interest on loans to certain air carriers for the purchase of regional jet aircraft to improve air transportation to underserved markets, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Regional Jet Air Serv-  
5       ice Improvement Act”.

6       **SEC. 2. AMENDMENT OF TITLE 49, UNITED STATES CODE.**

7       Subtitle VII of title 49, United States Code, is  
8       amended by adding at the end thereof the following:

“49208. Termination.

4       “The purpose of this chapter is to improve service  
5 by jet aircraft to underserved markets by providing assist-  
6 ance, in the form of loan guarantees, to air carriers, com-  
7 muter air carriers, and intrastate air carriers that pur-  
8 chase regional jet aircraft for use in serving those mar-  
9 kets.

17 “(2) AIR CARRIER.—The term ‘air carrier’  
18 means any air carrier (as that term is defined in  
19 section 40102(2)) holding a certificate of public con-

1       venience and necessity issued by the Secretary under  
2       section 41102.

3           “(3) COMMUTER AIR CARRIER.—The term  
4       ‘commuter air carrier’ means air carrier operating  
5       pursuant to section 40104(a)(1)(A) who operates at  
6       least 5 round trip flights per week between 1 pair  
7       of points in accordance with published flight sched-  
8       ules.

9           “(4) INTRASTATE AIR CARRIER.—The term  
10      ‘intrastate air carrier’ means any citizen of the Unit-  
11      ed States who undertakes, whether directly or indi-  
12      rectly or by a lease or any other arrangement, to en-  
13      gage primarily in intrastate air transportation (as  
14      such term is defined in section 40102(26)).

15          “(5) NONHUB AIRPORT.—The term ‘nonhub  
16      airport’ means an airport that each year has less  
17      than .05 percent of the total annual boardings in the  
18      United States.

19          “(6) REGIONAL JET AIRCRAFT.—The term ‘re-  
20      gional jet aircraft’ means a civil aircraft (as defined  
21      in section 40102(16))—

22           “(A) powered by jet propulsion;

23           “(B) with seating for not less than 30 nor  
24      more than 70 passengers (except that the Sec-

1           retary may, for good cause shown, permit a  
2           variance of up to 5 passengers).

3           “(7) SMALL HUB AIRPORT.—The term ‘small  
4           hub airport’ means an airport that each year has at  
5           least .05 percent, but less than .25 percent, of the  
6           total annual boardings in the United States.

7           “(8) UNDERSERVED MARKET.—The term ‘un-  
8           derserved market’ means a passenger air transpor-  
9           tation market (as defined by the Secretary that—

10                   “(A) is served (as determined by the Sec-  
11                   retary) by a nonhub airport or a small hub air-  
12                   port; and

13                   “(B) is not within a 50-mile radius of a  
14                   primary airport (as defined in section  
15                   47102(11).

16   **“§ 49203. Loan guarantees**

17           “(a) IN GENERAL.—The Secretary may guarantee  
18           any lender against loss of principal or interest on any air-  
19           craft purchase loan made by that lender to—

20                   “(1) any air carrier with respect to which the  
21                   certificate issued that air carrier under chapter 41  
22                   of title 49, United States Code, authorizes—

23                   “(A) the air carrier to provide local or  
24                   feeder air service;

1 “(B) scheduled passenger operations the  
 2 major portion of which is conducted within the  
 3 State of Hawaii; or

4 “(C) operations (the major portion of  
 5 which is conducted either within Alaska or be-  
 6 tween Alaska and the 48 contiguous States),  
 7 within the State of Alaska (including service be-  
 8 tween Alaska and the 48 contiguous States, and  
 9 between Alaska and adjacent Canadian terri-  
 10 tory);

11 “(2) any commuter air carrier; or

12 “(3) any intrastate air carrier.

13 “(b) FORM, TERMS, AND CONDITIONS.—A guarantee  
 14 shall be made under subsection (a)—

15 “(1) in such form, on such terms and condi-  
 16 tions; and

17 “(2) pursuant to such regulations, as the Sec-  
 18 retary considers to be necessary and consistent with  
 19 this part.

20 **“§ 49204. Conditions and limitations**

21 “(a) LIMITATIONS ON FUNDS.—

22 “(1) IN GENERAL.—Subject to subsection (d),  
 23 no loan guarantee shall be made under this part—

24 “(1) extending to more than the unpaid interest  
 25 and 90 percent of the unpaid principal of any loan;

1           “(2) on any loan or combination of loans for  
2           more than 90 percent of the purchase price of the  
3           aircraft, including spare parts, to be purchased with  
4           the loan;

5           “(3) on any loan with respect to which terms  
6           permit full repayment more than 15 years after the  
7           date the loan is made;

8           “(4) in any case in which the total face amount  
9           of the loan, and any other loans to the same air car-  
10          rier, commuter air carrier, or intrastate air carrier  
11          or corporate predecessor of that air carrier, com-  
12          muter air carrier, or intrastate air carrier that are  
13          guaranteed and outstanding under the terms of this  
14          part exceed \$100,000,000.

15          “(b) CONDITIONS FOR MAKING LOANS.—Subject to  
16          subsection (c), the Secretary may only make a loan guar-  
17          antee under this part if the Secretary finds that—

18               “(1) the aircraft to be purchased with the loan  
19               is a regional jet aircraft needed to improve the serv-  
20               ice and efficiency of operation of the air carrier,  
21               commuter air carrier, or intrastate air carrier;

22               “(2) the air carrier, commuter air carrier, or  
23               intrastate air carrier agrees to use the aircraft to  
24               provide service to underserved markets; and

25               “(3) the prospective earning power—

1 “(A) of the applicant air carrier, together  
2 with the character and value of the security  
3 pledged, furnish—

4 “(i) reasonable assurances of the abil-  
5 ity of the applicant to repay the loan with-  
6 in the term for the loan; and

7 “(ii) reasonable protection to the  
8 United States; and

9 “(B) of the applicant commuter air carrier  
10 or intrastate air carrier, together with the char-  
11 acter and value of the security pledged, fur-  
12 nish—

13 “(i) reasonable assurances of the ap-  
14 plicant’s ability and intention to repay the  
15 loan within the term of the loan—

16 “(I) to continue its operations as  
17 a commuter air carrier or intrastate  
18 air carrier; and

19 “(II) to the extent that the Sec-  
20 retary determines to be necessary, to  
21 continue its operations as a commuter  
22 air carrier or intrastate air carrier be-  
23 tween the same route or routes being  
24 operated by the applicant at the time  
25 of the loan guarantee; and

1                   “(ii) reasonable protection to the  
2                   United States.

3           “(c) REQUIREMENT.—Subject to subsection (d), no  
4 loan guarantee may be made under this part on any loan  
5 or combination of loans for the purchase of any new turbo-  
6 jet-powered aircraft that does not comply with the noise  
7 standards prescribed for new subsonic aircraft in regula-  
8 tions issued by the Secretary, acting through the Adminis-  
9 trator of the Federal Aviation Administration, contained  
10 in 14 CFR part 36, as those regulations were in effect  
11 on January 1, 1977.

12           “(d) OTHER LIMITATIONS.—

13               “(1) IN GENERAL.—No loan guarantee shall be  
14 made by the Secretary under this part on any loan  
15 for the purchase of a regional jet aircraft unless the  
16 air carrier, commuter air carrier, or intrastate air  
17 carrier agrees that it will provide service to the un-  
18 derserved market for which the aircraft is purchased  
19 for a period of not less than 12 consecutive months  
20 after the aircraft is placed in service and the air car-  
21 rier, commuter air carrier, or intrastate air carrier  
22 is authorized to provide service to that market.



1   **“§ 49205. Fees**

2           “The Secretary shall prescribe and collect from a  
3   lending institution a reasonable guaranty fee in connection  
4   with each loan guaranteed under this part.

5   **“§ 49206. Use of Federal facilities; assistance**

6           “(a) USE OF FEDERAL FACILITIES.—To permit the  
7   Secretary to make use of such expert advice and services  
8   as the Secretary may require in carrying out this part,  
9   the Secretary may use available services and facilities of  
10  other agencies and instrumentalities of the Federal Gov-  
11  ernment—

12           “(1) with the consent of the appropriate Fed-  
13   eral officials; and

14           “(2) on a reimbursable basis.

15           “(b) ASSISTANCE.—The head of each appropriate de-  
16  partment or agency of the Federal Government shall exer-  
17  cise the duties and functions of that head in such manner  
18  as to assist in carrying out the policy specified in section  
19  49201.

20           “(c) OVERSIGHT.—The Secretary shall make avail-  
21  able to the Comptroller General of the United States such  
22  information with respect to the loan guarantee program  
23  conducted under this part as the Comptroller General may  
24  require to carry out the duties of the Comptroller General  
25  under chapter 7 of title 31, United States Code.

1 **“§ 49207. Receipts; payments**

2 “(a) MISCELLANEOUS.—Amounts received by the  
3 Secretary pursuant to this part shall be credited to mis-  
4 cellaneous receipts of the Treasury.

5 “(b) PAYMENTS.—Payments to lenders required as a  
6 consequence of any loan guarantee made under this part  
7 may be made from funds appropriated pursuant to the au-  
8 thorization under section 3 of the Regional Jet Air Service  
9 Improvement Act.

10 “(c) ADMINISTRATIVE EXPENSES.—In carrying out  
11 this part, the Secretary shall use funds made available by  
12 appropriations to the Department of Transportation for  
13 the purpose of administration to cover administrative ex-  
14 penses of the loan guarantee program under this part.

15 **“§ 49208. Termination**

16 “The authority of the Secretary under section 49203  
17 shall terminate on the date that is 5 years after the date  
18 of enactment of the Regional Jet Air Service Improvement  
19 Act.”.

20 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

21 There are authorized to be appropriated such sums  
22 as may be necessary to carry out part E of subtitle VII  
23 of title 49, United States Code.

