

1999 DRAFTING REQUEST

Bill

Received: **12/08/1999**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Jeff Stone (608) 26643590**

By/Representing: **jeff**

This file may be shown to any legislator: NO

Drafter: **jkreye**

May Contact: **Michael Bright**

Alt. Drafters: **nilsepe**

Subject: **Tax - miscellaneous**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

hub terminal facility exemption to ad valorem taxes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Reauired</u>
/?	jkreye 12/13/1999	csicilia 12/15/1999		_____			S&L Tax
/1	jkreye 01/14/2000	csicilia 01/14/2000	jfrantze 12/15/1999	_____	lrb-docadmin 12/15/1999		S&L Tax
/2	nilsepe 02/14/2000	csicilia 02/15/2000	jfrantze 01/18/2000	_____	lrb-docadmin 01/18/2000	lrb_docadmin 02/0 1/2000	S&L Tax
/3	nilsepe 02/18/2000	csicilia 02/22/2000	martykr 02/15/2000	_____	lrb-docadmin 02/15/2000	lrb_docadmin 02/1 5/2000	S&L Tax

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/4			martykr _____ 02/23/2000 _____		lrb-docadmin 02/23/2000	lrb-docadmin 02/23/2000	
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FE Sent For:

<END>

114"
2/29/00

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1/4 cjs 2/22
00 km 2/22 JF 2/23

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/2		13 ys 2/15 00	jfrantze 01/18/2000	_____	lrb-docadmin 01/18/2000	lrb-docadmin 02/01/2000	

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Received: **12/08/1999**

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Wanted: **Soon**

Identical to LRB:

For: **John Gard (608) 266-2343**

By/Representing: **jeff**

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May Contact: **Michael Bright**

Alt. Drafters: **nilsepe**

Subject: **Tax - miscellaneous**

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I?	jkreye 12/13/1999	csicilia 12/15/1999		_____			S&L Tax
/1			jfrantze 12/15/1999	_____	lrb_docadmin 12/15/1999		

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J 1/14 *J/Ky*
1/18
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I?	jkreye	↑ g5 12/14/99	J 01/2/15	J/me 12/15			

FE Sent For:

<END>

not collecting \$1.5 million from sub,
therefore taking \$1.5 from GPR
and adding to 20.395(2)(dq)

* do not decrease out in (dq) but,
instead, turn (dq) into a GPR appropriation ^P

* or, add \$1.5 from GPR to (dr)?

may contact Michael Bright 257-6544

↳ has seen Jensen's draft
3763/1

This provision would modify the farmland tax relief credit as proposed in the version of SB 114 passed by the Senate, but would increase the funding level for each year of the 1999-01 biennium from \$15 million to \$20 million. The average tax credit would increase from an estimated \$260 under SB 114 to \$347. Under current law, the average tax credit is estimated at \$184.

10. *Tax Exemption for Air Carriers with Hub Terminal Facilities.* Provide an exemption from Chapter 70 property taxes and from Chapter 76 state ad valorem taxes for all property owned by an air carrier that operates an air carrier hub terminal facility in Wisconsin, effective with property assessed as of January 1, 2000. Define air carrier hub terminal facility as a facility from which the air carrier operated at least 45 common carrier departing flights each weekday in the prior year, either to 1.5 or more nonstop destinations on which the general public may fly or to nonstop destinations for the purpose of transporting cargo and air freight. Require DOR to promulgate an administrative rule defining "nonstop" for purposes of this provision. Reduce estimated transportation fund revenue from air carriers by \$748,800 in 1999-00 and \$1,497,600 in 2000-01. Currently, the exemption would apply only to Midwest Express Airlines.

Create a new, transportation fund appropriation for the aeronautics assistance program and specify that all proceeds from the ad valorem tax on air carriers would be deposited in this appropriation. Estimate the amounts deposited in this appropriation at \$7,293,400 SEG in 1999-00 and \$6,349,600 SEG in 2000-01. Reduce the existing appropriation for aeronautics assistance by \$8,042,200 SEG in 1999-00 and \$7,847,200 SEG in 2000-01 to reflect the creation of the new appropriation. Total funding for aeronautics assistance would decrease by \$748,800 SEG in 1999-00 and \$1,497,600 SEG in 2000-01.

11. *Property Tax Exemption for Certain Motion Picture Theatre Equipment.* Provide a property tax exemption for projection equipment, sound systems and theatre screens owned and used by motion picture theatres, effective with property assessed as of January 1, 2000. Estimate decreased state forestry taxes at \$2,000 (SEG) in 2000-01. The value of the affected property is estimated at \$9.8 million, statewide. Assuming the property is taxed at the statewide average tax rate for cities, the gross taxes on the property are estimated at \$252,000. After deducting state property tax credits, the net taxes on the property are estimated at \$236,000. The proposal would shift the taxes on the property that would become exempt to property that remains taxable.

12. *Property Tax Exemption for Digital Broadcasting Equipment.* Provide a property tax exemption for digital broadcasting equipment owned and used by licensed television and radio stations, effective with property assessed as of January 1, 2000. Specify that the exemption does not extend to property of cable television systems. This provision would reduce state forestry tax revenues by an unknown amount and would shift taxes from the exempt property to other property that remains taxable. Based on information provided by local assessors and by broadcast industry sources, broadcasting equipment has a 1999 value estimated at \$165 million, but the portion of that value that is comprised of digital equipment is unknown. As digital equipment replaces analog equipment, the tax base would decline from \$165 million to \$0, but analog equipment will continue to be used until 2006, or later, under the Federal Communications Commission mandate requiring

4043

1999 BILL

in 12-13-99

inserts

SOON

D-N

re gen

Under current law, expenses for aeronautical activities and facilities are paid by the department of transportation (DOT) from the segregated transportation fund. Under the

general

general

1 AN ACT to amend 76.02 (1) and 78.55 (1); and to create 20.395 (2) (dr) and 70.11
2 (40) of the statutes: relating to: a property tax exemption for an air carrier with
3 a hub terminal facility, use of revenues from property taxes on air carrier
4 companies and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, an air carrier company pays a tax to the state based on the value of the company's property in this state. The tax is called an ad valorem tax. ~~The property of an air carrier company that pays the ad valorem tax is exempt from local property taxes.~~

Under this bill, an air carrier company that operates a hub terminal facility in this state is exempt from the ad valorem tax. ~~Under the bill, the property of an air carrier company that operates a hub terminal facility is also exempt from local property taxes.~~

~~The bill also directs all revenues received from property taxes on air carrier companies to the segregated transportation fund to be expended by the department of transportation only for aeronautical activities and facilities. Currently, those revenues are deposited in the general fund.~~

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

DOT

No 2

The bill also directs an additional \$15,000,000 from the general fund to be expended by DOT for aeronautical activities and facilities.

in lieu of paying

. BILL

For further information see the state **and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INSERT
2-1

1 SECTION 1. 20.395 (2) (dr) of the statutes is created to read:

2

20.395 (2) (dr) ~~Aeronautics assistance supplementing~~ **state funds**. All moneys received from taxes on air carrier companies under ch. 76, for the state's share of airport projects under ss. 114.34 and 114.35; for developing air marking and other air navigational facilities: for administration of the powers and duties of the secretary of transportation under s. 114.3 1; for costs associated with aeronautical activities under s. 114.3 1, except for the program under s. 114.3 1 (3) (b); and for the administration of other aeronautical activities, except aircraft registration under s. 114.20, authorized by law.

INSERT
2-9

10 SECTION 2. 70.11 (40) of the statutes is created to read:

11

70.11 (40) ^{CS - NO Bold} **Hub terminal facility**. (a) In this subsection:

1. "Air carrier company" means any person engaged in the business of transportation in aircraft, ~~as defined in s. 76.02 (1),~~ of persons or property for hire on regularly scheduled flights. *In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).*

2. "Hub terminal facility" means a facility at which an air carrier company operated at least 45 common carrier departing flights each weekday in the prior year and from which it transported passengers to at least 15 nonstop destinations or

18

transported cargo to nonstop destinations, ~~as defined by rule by the department of revenue.~~ *In this subdivision, "nonstop destination" means a nonstop destination as defined by rule by the department of revenue.*

19

(b) Property owned by an air carrier company that operates a hub terminal facility in this state.

21

BILL

whose property is exempt from taxation under

SECTION 3. 76.02 (1) of the statutes is amended to read:

76.02 (1) "Air carrier company" means any person engaged in the business of transportation in aircraft of persons or property for hire on regularly scheduled flights, ~~except an air carrier company that operates a hub terminal facility as defined in s. 70.11 (40)~~. In this subsection, "aircraft" means a completely equipped operating unit, including spare flight equipment, used as a means of conveyance in air commerce.

SECTION 4. 78.55 (1) of the statutes is amended to read:

78.55 (1) "Air carrier company" has the meaning given in s. ~~76.02 (1)~~ 70.11 (40) /a) 1.

~~SECTION 5. Appropriation changes.~~

~~(1) AERONAUTICS ASSISTANCE, STATE FUNDS. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of transportation under section 20.395 (2) (dq) of the statutes, as affected by the acts of 1999, the dollar amount is decreased by \$8,042,200 for fiscal year 1999-00 and the dollar amount is decreased by \$7,847,200 for fiscal year 2000-01 to decrease funding for the purposes for which the appropriation is made.~~

SECTION 6. Initial applicability.

(1) HUB TERMINAL FACILITY. The treatment of sections 70.11 (40), 76.02 (1) and 78.55 (1) of the statutes first applies to the property tax assessments as of January 1, 2000.

(END)

21

22

3-21

1999

INSERT 2-1

LRB 4043, 1

File With Statute 20.005 (3) Schedule

JK : ____ : ____

\$\$\$ SCHEDULE

In the component bar:

For the action phrase, execute: create → action: → **ch20**

For the table layout, execute: create → <Table> → **\$sched**

SECTION #. 20.005 (3) (schedule) of the statutes: at the appropriate place,

insert the following amounts for the purposes indicated:

(B) { 20.395 . Transportation, department of.....

(CS) { (2) Local transportation assistance

(of) Aeronautics assistance supplement,
state funds

✓ ✓
GPR A

~~2000-01~~ ~~2001-02~~
1999-00 2000-01

WPO leave form AS was
WPO leave form AS was

15,000,000 15,000,000

-0-

20. _____

() _____

() _____



15



INSERT 2-1

Sec #, ³ ~~or~~; 20.395(2)(a) [✓] ~~f~~. From the general fund,

20.395(2)(a) ~~f~~ (Aeronautics assistance supplement, state

funds. ~~f~~ the amounts in the schedule for the state's share of airport projects under ss. 114.34 and 114.35; for developing air marking and other air navigational facilities; for administration of the powers and duties of the secretary of transportation under s. 114.31; for costs associated with aeronautical activities under s. 114.31, except for the program under s. 114.31(3)(b); and for the administration of other aeronautical activities, except aircraft registration under s. 114.20, authorized by law.

Sec #, ~~or~~; 20.395(2)(d) ~~g~~; aff 1999 Wis Act 9

————— end of insert 2-1 —————

INSERT 2 -9

1 **SECTION 1.** 20.395 (4) (aq) of the statutes is amended to read:

2 20.395 (4) (aq) *Departmental management and operations, state funds.* The
3 amounts in the schedule for departmental planning and administrative activities
4 and the administration and management of departmental programs except those
5 programs under subs. (2) (bq), (cq) and ~~(dq)~~ (dr) and (3) (iq), including those activities
6 in s. 85.07 and including not less than \$220,000 in each fiscal year to reimburse the
7 department of justice for legal services provided the department under s. 165.25 (4)
8 (a) and including activities related to the demand management and ride-sharing
9 program under s. 85.24 that are not funded from the appropriation under sub. (1)
10 ~~(bs)~~, (bv) or (bx), the minority civil engineer scholarship and loan repayment
11 incentive grant program under s. 85.107, the Type 1 motorcycle, moped and motor
12 bicycle safety program under s. 85.30 and to match federal funds for mass transit
13 planning.

14 **SECTION 2.** 20.395 (9) (rd) of the statutes is amended to read:

15 20.395 (9) (rd) *Airport construction major cost carry-over.* When an airport
16 development project is approved by the governor under s. 114.33 (3), the moneys
17 allocated for the project from sub. (2) ~~(dq)~~ (dr) shall be considered encumbered and
18 carried-over to subsequent years to meet the state's share of the project.

19 **SECTION 3.** 20.395 (9) (td) of the statutes, as affected by 1999 Wisconsin Act 9,
20 is amended to read:

21 20.395 (9) (td) *Real estate major cost carry-over.* Subject to s. 86.255, when a
22 highway, airport or railroad land acquisition project is approved by the secretary

(a) 2

1 under s. 84.09, 85.09 or 114.33, the moneys allocated for the project **from** subs. (2)
2 (bq), ~~(dq)~~ (dr) and (eq) and (3) (bq), (cq) and (eq) may be considered encumbered.

- end of insert 2-9 -

Nonstat File Sequence: **FFF**

VK : ys : _____

EFFECTIVE DATE

- ~~In the component bar: For the action phrase, execute: ... create → action: → *NS: → effdate
For the text, execute: ... create → text: → *NS: → effdate~~
- ~~Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in
"___" or "()" only if a "frozen" number is needed.~~

SECTION # _____ . Effective date.

~~(#1) () This act takes effect
on~~

- In the component bar: For the action phrase, execute: .. create → action: → *NS: → effdate
For the text, execute: create → text: → *NS: → effdate
- Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in
"___" or "()" only if a "frozen" number is needed.

SECTION # _____ . Effective dates

..... This act takes effect on the day after publication, except as follows:

(#1) ~~(M)~~ (Aeronautics assistance) (C) The treatment of
 sections 20.395(2)(af), (dq) and (dr), (4)(aq) and (9)(rd) and (td)
 of the statutes takes effect on January 1, 2001.
 — end of insert —

- In the component bar: For the budget action phrase, execute:..create → action: → *NS: → 94XX
For the text, execute: create → text: → *NS: → effdate
- Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, for the
budget, fill in the 9400 department code; and fill in "()" only if a "frozen" number is needed.

SECTION 94 # _____ . Effective dates;

~~(#1) (1) AERONAUTICS ASSISTANCE (S) The treatment of
 sections 20.395(2)(af), (dq) and (dr), (4)(aq) and (9)(rd) and (td)
 of the statutes takes effect on January 1, 2001.~~

~~end of insert~~



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

4043
LRB-~~3763~~1 dn
JK&PEN:cjs:km

October 22, 1999
December

u This drafter's note is meant to alert you to the possibility that the property tax exemption under this amendment could be challenged as a violation of the uniformity clause of article VIII, section 1, of the Wisconsin Constitution. The uniformity clause requires that the taxation of property be uniform. A 1974 amendment to the uniformity clause exempts agricultural land from the uniformity requirement.

A classification of property for property tax purposes must be reasonable and all property included in the classification must be either uniformly taxed or wholly exempt. See *Gottlieb v. City of Milwaukee*, 33 Wis.2d 408. A court could find that the exemption created in the amendment violates the uniformity clause because the distinction between a hub terminal facility and some other terminal facility, for property tax purposes, is an unreasonable classification of property.

The property tax exemption under this amendment could also be challenged as a violation of the commerce clause of article I, section 8, of the U.S. Constitution which prohibits the states from enacting laws which discriminate against interstate commerce. See *Boston Stock Exchange v. State Tax Commission*, 429 U.S. 318, 97 S. Ct. 599 (1977). A court could find that the exemption created in the amendment discriminates against interstate commerce, which violates the commerce clause, because it gives a tax preference to in-state businesses.

While I am not at all certain how a court would rule on a constitutional challenge to the property tax exemption created in the amendment, should it become law, you should be aware of possible challenges to the exemption.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

u The purposes of the appropriation under proposed s. 20.395 (2) (df) are identical to the purposes of the appropriation under s. 20.395 (2) (dq), as affected by this bill. OK?

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4043/1dn
JK:cjs:jf

December 15, 1999

This drafter's note is meant to alert you to the possibility that the property tax exemption under this amendment could be challenged as a violation of the uniformity clause of article VIII, section 1, of the Wisconsin Constitution. The uniformity clause requires that the taxation of property be uniform. A 1974 amendment to the uniformity clause exempts agricultural land from the uniformity requirement.

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While I am not at all certain how a court would rule on a constitutional challenge to the property tax exemption created in the amendment, should it become law, you should be aware of possible challenges to the exemption.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

Rep Gard

1-14-2000

Hub terminal facility
provide exemption as originally done

from the trans-fund to cover
the costs



1999 BILL

1-14-2000

SOON

D-N

re gar

1 **AN ACT** to repeal 20.395 (2) (dq); to amend 20.395 (4) (aq), 20.395 (9) (rd), 20.395
 2 (9) (td), 76.02 (1) and 78.55 (1); and to create 20.395 (2) (af), 20.395 (2) (dr) and
 3 70.11 (40) of the statutes; relating to: a property tax exemption for an air
 4 carrier with a hub terminal facility, ~~use of revenues from property taxes on air~~
 5 ~~carrier companies and making an appropriation.~~

Analysis by the Legislative Reference Bureau

Under current law, an air carrier company pays a tax to the state based on the value of the company's property in this state. The tax is called an ad valorem tax. An air carrier company pays the ad valorem tax in lieu of paying local general property taxes.

Under this bill, an air carrier company that operates a hub terminal facility in this state is exempt from the ad valorem tax and is also exempt from paying local general property taxes.

~~Under current law, expenses for aeronautical activities and facilities are paid by the department of transportation (DOT) from the segregated transportation fund. Under the bill, all revenues received from property taxes on air carrier companies are directed to the segregated transportation fund to be expended by DOT only for aeronautical activities and facilities. The bill also directs an additional \$15,000,000 from the general fund to be expended by DOT for aeronautical activities and facilities.~~

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

· BILL

For further information see the *state* and *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

				1999-00	2000-01
3					
4	20.395	Transportation, department of			
5	(2)	LOCAL TRANSPORTATION ASSISTANCE			
6	(af)	Aeronautics assistance supple-			
7		ment, state funds	GPR A	-0-	15,000,000

8 SECTION 2. 20.395 (2) (af) of the statutes is created to read:

9 20.395 (2) (af) ***Aeronautics assistance supplement, state finds.*** From the
10 general fund, the amounts in the schedule for the state's share of airport projects
11 under ss. 114.34 and 114.35; for developing air marking and other air navigational
12 facilities; for administration of the powers and duties of the secretary of
13 transportation under s. 114.31; for costs associated with aeronautical activities
14 under s. 114.31, except for the program under s. 114.31 (3) (b); and for the
15 administration of other aeronautical activities, except aircraft registration under s.
16 114.20, authorized by law.

17 SECTION 3. 20.395 (2) (dq) of the statutes, as affected by 1999 Wisconsin Act 9,
18 is repealed.

19 SECTION 4. 20.395 (2) (dr) of the statutes is created to read:

BILL

1 **20.395 (2) (dr) Aeronautics assistance, state finds.** All moneys received&m
2 taxes on air carrier companies under ch. 76, for the state's share of airport projects
3 under ss. 114.34 and 114.35; for developing air marking and other air navigational
4 facilities; for administration of the powers and duties of the secretary of
5 transportation under s. 114.31; for costs associated with aeronautical activities
6 under s. 114.31, except for the program under s. 114.31 (3) (b); and for the
7 administration of other aeronautical activities, except aircraft registration under s.
8 114.20, authorized by law.

9 **SECTION 5.** 20.395 (4) (aq) of the statutes is amended to read:

10 **20.395 (4) (aq) Departmental management and operations, state funds.** The
11 amounts in the schedule for departmental planning and administrative activities
12 and the administration and management of departmental programs except those
13 programs under subs. (2) (bq), (cq) and ~~(dq)~~ (dr) and (3) (iq), including those activities
14 in s. 85.07 and including not less than \$220,000 in each fiscal year to reimburse the
15 department of justice for legal services provided the department under s. 165.25 (4)
16 (a) and including activities related to the demand management and ride-sharing
17 program under s. 85.24 that are not funded from the appropriation under sub. (1)
18 (bs), (bv) or ~~(bx)~~, the minority civil engineer scholarship and loan repayment
19 incentive grant program under s. 85.107, the Type 1 motorcycle, moped and motor
20 bicycle safety program under s. 85.30 and to match federal funds for mass transit
21 planning.

22 **SECTION 6.** 20.395 (9) (rd) of the statutes is amended to read:

23 **20.395 (9) (rd) Airport construction major cost carry-over.** When an airport
24 development project is approved by the governor under s. 114.33 (3), the moneys
25 allocated for the project from sub. (2) ~~(dq)~~ (af) and (dr) shall be considered

BILL

1 encumbered and carried-over to subsequent years to meet the state's share of the
2 project.

3 **SECTION 7.** ~~20.395 (9) (td)~~ of the statutes, as affected by 1999 Wisconsin Act 9,
4 is amended to read:

5 **20.395 (9) (td)** *Real estate major cost carry-over.* Subject to s. 86.255, when a
6 highway, airport or railroad land acquisition project is approved by the secretary
7 under s. 84.09, 85.09 or 114.33, the moneys allocated for the project from subs. (2) ~~(af),~~
8 ~~(bq), (dq) (dr) and (eq) and (3) (bq), (cq) and (eq)~~ may be considered encumbered.

9 **SECTION ~~8~~** 70.11 (40) of the statutes is created to read:

10 **70.11 (40) HUN TERMINAL FACILITY.** (a) In this subsection:

11 1. "Air carrier company" means any person engaged in the business of
12 transportation in aircraft of persons or property for hire on regularly scheduled
13 flights. In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).

14 2. "Hub terminal facility" means a facility at which an air carrier company
15 operated at least 45 common carrier departing flights each weekday in the prior year
16 and from which it transported passengers to at least 15 nonstop destinations or
17 transported cargo to nonstop destinations. In this subdivision, "nonstop destination"
18 means a nonstop destination as defined by rule by the department of revenue.

19 (b) Property owned by an air carrier company that operates a hub terminal
20 facility in this state.

21 **SECTION ~~9~~** 76.02 (1) of the statutes is amended to read:

22 76.02 (1) "Air carrier company" means any person engaged in the business of
23 transportation in aircraft of persons or property for hire on regularly scheduled
24 flights, except an air carrier company whose property is exempt from taxation under
25 s. 70.11 (40) (b). In this subsection, "aircraft" means a completely equipped operating

BILL

1 unit, including spare flight equipment, used as a means of conveyance in air
2 commerce.

3 ~~SECTION 10.~~ 78.55 (1) of the statutes is amended to read:

4 78.55 (1) "Air carrier company" has the meaning given in s. ~~76.02(1)~~ 70.11 (40)
5 (a) 1.

6 **SECTION 11. Initial applicability.**

7 (1) HUB TERMINAL FACILITY. ~~The treatment of sections 70.11 (40), 76.02(1) and~~
8 ~~78.55(1) of the statutes~~ first applies to the property tax assessments as of January
9 1, 2001. *This act*

10 ~~SECTION 12. Effective dates.~~ This act takes effect on the day after publication,
11 except as follows:

12 (1) AERONAUTICS ASSISTANCE. ~~The treatment of sections 20.395 (2) (af), (dq) and~~
13 ~~(dr), (4) (aq) and (9) (rd) and (td) of the statutes~~ takes effect on January 1, 2001.

14 (END)

4043/2

D-N

JK:cjs:

date

Representative Gard:

41

Please review this draft carefully to ensure that it is consistent with your intent. I did not change the appropriation for aeronautics assistance.

As a result, that appropriation remains a continuing appropriation for the amounts in the schedule, from the transportation fund. If you wish to do something else with that appropriation, I will probably need assistance from the Legislative Fiscal Bureau.

Please contact me if you have any questions.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4043/2dn
JK:cjs:jf

January 14, 2000

Representative Gard:

Please review this draft carefully to ensure that it is consistent with your intent. I did not change the appropriation for aeronautics assistance. As a result, that appropriation remains a continuing appropriation, for the amounts in the schedule, from the transportation fund. If you wish to do something else with that appropriation, I will probably need assistance from the Legislative Fiscal Bureau. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 01/18/2000

To: Representative Gard

Relating to LRB drafting number: LRB-4043

Topic

hub terminal facility exemption to ad valorem taxes

Subject(s)

Tax - miscellaneous

1. **JACKET** the draft for introduction _____
John G. Gard
in the Senate OR **the Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney
Telephone: (608) 266-2263

John D. Jones



1999 BILL

1 **AN ACT** to **amend 76.02** (1) and 78.55 (1); and to create **70.11 (40)** of the statutes;
2 **relating** to: a property tax exemption for an air carrier with a hub terminal
3 facility.

Analysis by the Legislative Reference Bureau

Under current law, an air carrier company pays a tax to the state based on the value of the company's property in this state. The tax is called an ad valorem tax. An air carrier company pays the ad valorem tax in lieu of paying local general property taxes.

Under this bill, an air carrier company that operates a hub terminal facility in this state is exempt from the ad valorem tax and is also exempt from paying local general property taxes.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information **see** the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 **SECTION 1.** 70.11 (40) of the statutes is created to read:
5 70.11 (40) HUB TERMINAL FACILITY. (a) In this subsection:

BILL

1 1. "Air carrier company" means any person engaged in the business of
2 transportation in aircraft of persons or property for hire on regularly scheduled
3 flights. In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).

4 2. "Hub terminal facility" means a facility at which an air carrier company
5 operated at least 45 common carrier departing flights each weekday in the prior year
6 and from which it transported passengers to at least 15 nonstop destinations or
7 transported cargo to nonstop destinations. In this subdivision, "nonstop destination"
8 means a nonstop destination as defined by rule by the department of revenue.

9 (b) Property owned by an air carrier company that operates a hub terminal
10 facility in this state.

11 SECTION 2. 76.02 (1) of the statutes is amended to read:

12 76.02 (1) "Air carrier company" means any person engaged in the business of
13 transportation in aircraft of persons or property for hire on regularly scheduled
14 flights, except an air carrier company whose property is exempt from taxation under
15 s. 70.11 (40)(b). In this subsection, "aircraft" means a completely equipped operating
16 unit, including spare flight equipment, used as a means of conveyance in air
17 commerce.

18 SECTION 3. 78.55 (1) of the statutes is amended to read:

19 78.55 (1) "Air carrier company" has the meaning given in s. ~~76.02 (1)~~ 70.11 (40)
20 (a) 1.

21 SECTION 4. **Initial applicability.**

22 (1) **HUB TERMINAL FACILITY.** This act first applies to the property tax assessments
23 as of January 1, 2001.

24 **(END)**



**HOUGH, FASSBENDER, OSBORNE
& ASSOCIATES, INC.**

10 E. Doty St., Suite 500 . Madison, WI 53703
Phone: 608/258-9506 . Fax: 608/283-2589
email: osbome@hfomadison.com

✓ **Patrick J. Osborne**

Taffore Draft (1999)

Amend Wis. Stat. § 20.395(2)(dq) as follows:

(dq) *Aeronautics Assistance, Sure Funds.* As a continuing appropriation, the amounts received from taxes and fees generated from aeronautical activities for the State's share of airport projects under ss. 114.34 and 114.35; for developing air marking and other air navigational facilities; for administration of the powers and duties of the Secretary of Transportation under s. 114.31; for costs associated with aeronautical activities under s. 114.31; and for the administration of other aeronautical activities authorized by law.

Non-Statutory provisions-Department of Transportation

The amendment to Wis. Stat. § 20.395(2)(dq) takes effect on ~~January~~ 1, 2001.

E:\stchens\2606010004\MML7411.DOC 6/8/99

July

draft submitted by Patrick Osborne 2/11/00.

I told him we can't add "amounts received" to sum certain SEB appropriation.

We agree eliminate SEB use all P

effective July 1, 2001.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4043/3dn

PEN:.....

9/1
CS

February 14, 2000

Representative Stone,

This draft was revised according to instructions submitted on your behalf by Mr. Patrick Osborne, a lobbyist for Midwest Express Airlines.

Currently, the aircraft registration program is paid for by the appropriation under s. 20.395 (5) (cq), stats. This bill does not change that, even though all aircraft-related receipts (other than federal or local monies), including aircraft registration receipts, are directed to the appropriation created by this bill. Ok?

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926

✓



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4043/2
JK&PEN:cjs:jf

5008

13

1999 BILL

SEP. #. RP; 20.395 (2) (dg); aff
insert 1-4 →

1999 Wis Act 9

The bill appropriates all taxes and fees received from aeronautical activities (including ad valorem taxes on air carrier companies, general

ad valorem inserts

aviation fuel taxes and aircraft registration fees) for aeronautical activities. This appropriation substitutes for the current appropriation of segregated revenues for these same activities.

- 1 AN ACT to amend 76.02 (1) and 78.55 (1); and to create 70.11 (40) of the statutes;
- 2 relating to: a property tax exemption for an air carrier with a hub terminal
- 3 facility. and making an appropriation

Analysis by the Legislative Reference Bureau

Under current law, an air carrier company pays a tax to the state based on the value of the company's property in this state. The tax is called an ad valorem tax. An air carrier company pays the ad valorem tax in lieu of paying local general property taxes.

Under this bill, an air carrier company that operates a hub terminal facility in this state is exempt from the ad valorem tax and is also exempt from paying local general property taxes.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 70.11 (40) of the statutes is created to read:

5 70.11 (40) HUB TERMINAL FACILITY. (a) In this subsection:

SEC #. CR ; 20.395 (2) (dr).

Aeronautical activities

insert
1-4

1 20.395 (2) (dr) ~~Aeronautics assistance supplement~~, state funds. ~~As a continuing~~
 2 ~~appropriation.~~ All moneys received from taxes on air carrier companies under ch. 76,
 3 for the state's share of airport projects under ss. 114.34 and 114.35; for developing
 4 ^{purposes of the} air marking and other air navigational facilities; for administration of the powers
 5 and duties of the secretary of transportation under s. 114.31; for costs associated with
 6 aeronautical activities under s. 114.31, except for the program under s. 114.31 (3) (b);
 7 and for the administration of other aeronautical activities, except aircraft
 8 registration under s. 114.20, authorized by law.

INIT APP PAR.

9 ~~A. Page 1602, line 3: after that line insert~~
 10 ~~(a)~~ REVENUES RECEIVED FROM AD VALOREM TAX ON AIR CARRIERS. The treatment
 11 of section 20.395 (2) (dr) of the statutes first applies to moneys received from taxes
 12 ~~and fees~~ ^{and fees received} on July 1, ~~1999~~ 2001.

insert
1-2
2-24

13

from aircraft registration fees under s. 114.20,
 from general aviation fuel taxes under subch. III of ch. 78
 and from any other tax or fee received from
 an aeronautical activity, except moneys appropriated
 under pars. (dv) and (dx) and sub. (4) (e's),

Nonstat File Sequence:

EFFECTIVE DATE

- 1. In the component bar: For the action phrase, execute: ... create → action: → *NS: → effdate
For the text, execute: ... create → text: → *NS: → effdateA
- 2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in "____" or "()" only if a "frozen" number is needed.

SECTION # _____ Effective date.

(#1) () This act takes effect on

- 1. In the component bar: For the action phrase, execute: .. create → action: → *NS: → effdateE
For the text, execute: ... create → text: → *NS: → effdate
- 2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in "____" or "()" only if a "frozen" number is needed.

SECTION # _____ Effective dates;

..... This act takes effect on the day after publication, except as follows:

(#1) *NR* The treatment of sections *20.395 (2) (dg) and (dr)* of the statutes takes effect on *July 1, 2001.*

- 1. In the component bar: For the budget action phrase, execute:..create → action: → *NS: → 94XX
For the text, execute: ... create → text: → *NS: → effdate
- 2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, for the budget, fill in the 9400 department code; and fill in "()" only if a "frozen" number is needed.

SECTION 94 _____ Effective dates;

(#1) () The treatment of sections of the statutes takes effect on



Rep. Stone

4043/3

transfer (2) (dg) balance to (2) (dr)
"all unencumbered balance"

can segregated trans. fund be legally overdrawn?

can leg. pass appropriation in fund w/ negative balance

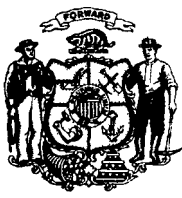
2/18/00 3pm

drafting instructions per Fred Ammerman -

transfer unencumbered balance of rejected approp
to new PR approp.

-PEN

~~can transfer~~



Wed Am 2/23

14

1999 ASSEMBLY BILL

insert

1 **AN ACT to repeal** 20.395 (2) (dq); **to amend** 76.02 (1) and 78.55 (1); and **to create**
2 20.395 (2) (dr) and 70.11 (40) of the statutes; **relating** to: a property tax
3 exemption for an air carrier with a hub terminal facility and making an
4 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, an air carrier company pays a tax to the state based on the value of the company's property in this state. The tax is called an ad valorem tax. An air carrier company pays the ad valorem tax in lieu of paying local general property taxes.

Under this bill, an air carrier company that operates a hub terminal facility in this state is exempt from the ad valorem tax and is also exempt from paying local general property taxes.

The bill appropriates all taxes and fees received from aeronautical activities (including ad valorem taxes on air carrier companies, general aviation fuel taxes and aircraft registration fees) for aeronautical activities. This appropriation substitutes for the current appropriation of segregated revenues for these same activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

no 9 The bill ~~also~~ transfers the unencumbered balance of the current appropriation of segregated revenues to the new appropriation.

ASSEMBLY BILL

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.395 (2) (dq) of the statutes, as affected by 1999 Wisconsin Act 9,
2 is repealed.

3 **SECTION 2.** 20.395 (2) (dr) of the statutes is created to read:

4 20.395 (2) (dr) *Aeronautical activities, state finds.* All moneys received from
5 taxes on air carrier companies under ch. 76, from aircraft registration fees under s.
6 114.20, from general aviation fuel taxes under subch. III of ch. 78 and from any other
7 tax or fee received from an aeronautical activity, except moneys appropriated under
8 pars. (dv) and (dx) and sub. (4) (es) ^{STET} for the purposes of the state's share of airport
9 projects under ss. 114.34 and 114.35; for developing air marking and other air
10 navigational facilities; for administration of the powers and duties of the secretary
11 of transportation under s. 114.31; for costs associated with aeronautical activities
12 under s. 114.31, except for the program under s. 114.31 (3) (b); and for the
13 administration of other aeronautical activities, except aircraft registration under s.
14 114.20, authorized by law.

15 **SECTION 2.** 70.11 (40) of the statutes is created to read:

16 70.11 (40) HUB TERMINAL FACILITY. (a) In this subsection:

17 1. "Air carrier company" means any person engaged in the business of
18 transportation in aircraft of persons or property for hire on regularly scheduled
19 flights. In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).

20 2. "Hub terminal facility" means a facility at which an air carrier company
21 operated at least 45 common carrier departing flights each weekday in the prior year

and all moneys transferred under 1999 Wisconsin Act ... (this act), section 5 (1), use auto ref (B) on insert use auto ref (A) on insert

ASSEMBLY BILL

1 and from which it transported passengers to at least 15 nonstop destinations or
2 transported cargo to nonstop destinations. In this subdivision, "nonstop destination"
3 means a nonstop destination as defined by rule by the department of revenue.

4 (b) Property owned by an air carrier company that operates a hub terminal
5 facility in this state.

6 SECTION 3. 76.02 (1) of the statutes is amended to read:

7 76.02 (1) "Air carrier company" means any person engaged in the business of
8 transportation in aircraft of persons or property for hire on regularly scheduled
9 flights, except an air carrier company whose property is exempt from taxation under
10 s. 70.11 (40) (b). In this subsection, "aircraft" means a completely equipped operating
11 unit, including spare flight equipment, used as a means of conveyance in air
12 commerce.

13 SECTION 4. 78.55 (1) of the statutes is amended to read:

14 78.55 (1) "Air carrier company" has the meaning given in s. ~~76.02(1)~~ 70.11 (40)

15 (a)

*insert
3-15*

16 SECTION ~~5~~ **Initial applicability.**

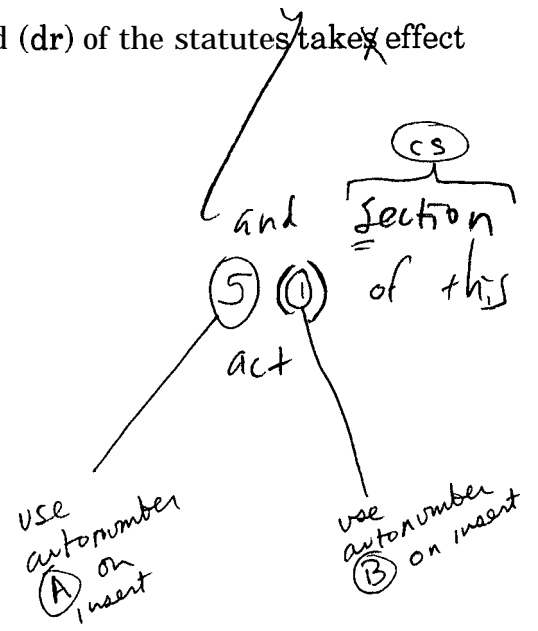
17 (1) HUB TERMINAL FACILITY. This act first applies to the property tax assessments
18 as of January 1, 2001.

19 (2) REVENUES RECEIVED FROM AD VALOREM TAX ON AIR CARRIERS. The treatment of
20 section 20.395 (2) (dr) of the statutes first applies to moneys received from taxes and
21 fees on July 1, 2001.

22 SECTION ~~6~~ **Effective dates.** This act takes effect on the day after publication,
23 except as follows:

1 (1) The treatment of section 20.395 (2) (dq) and (dr) of the statutes takes effect
2 on July 1, 2001.

3 (END)



1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4043/4ins

PEN.....

roy
ys

create auto-number (B)

create auto-number (A)

1
2
3
4
5

~~SECTION 1~~ Appropriation changes.

(1) The unencumbered balance of the appropriation to the department of transportation under section 20.395 (2) (dq) of the statutes immediately before the effective date of this subsection is transferred to the appropriation account under section 20.395 (2) (dr) of the statutes, as created by this act.

CCC
1999 AB-8D1

LRB-4043
JK+PEN

Page 2, line 16: delete

"SECTION 2".
③
③ ↗

"SECTION 2" and substitute
③
③ ↗

JLB



ASSEMBLY BILL 801

For further information see the state and *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.395 (2) (dq) of the statutes, as affected by 1999 Wisconsin Act 9,
2 is repealed.

3 **SECTION 2.** 20.395 (2) (dr) of the statutes is created to read:

4 20.395 (2) (dr) *Aeronautical activities, state funds.* All moneys received from
5 taxes on air carrier companies under ch. 76, from aircraft registration fees under s.
6 114.20, from general aviation fuel taxes under subch. III of ch. 78 and from any other
7 tax or fee received from an aeronautical activity, except moneys appropriated under
8 pars. (dv) and (dx) and sub. (4) (es), and all moneys transferred under 1999 Wisconsin
9 Act . . . (this act), section 5 (1), for the purposes of the state's share of airport projects
10 under ss. 114.34 and 114.35; for developing air marking and other air navigational
11 facilities; for administration of the powers and duties of the secretary of
12 transportation under s. 114.31; for costs associated with aeronautical activities
13 under s. 114.31, except for the program under s. 114.31 (3) (b); and for the
14 administration of other aeronautical activities, except aircraft registration under s.
15 114.20, authorized by law.

1 **SECTION 2.** 70.11 (40) of the statutes is created to read:

6 70.11 (40) **HUB TERMINAL FACILITY.** (a) In this subsection:

18 1. "Air carrier company" means any person engaged in the business of
19 transportation in aircraft of persons or property for hire on regularly scheduled
20 flights. In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).



State of Wisconsin
1999-2000 LEGISLATURE

CORRECTIONS **IN:**

1999 ASSEMBLY BILL 801

Prepared by the Legislative Reference Bureau
(March 15, 2000)

1. Page 2, line 16: delete "SECTION 2" and substitute "SECTION 2t".

LRB-4043/4ccc-1
JLG:ch

Minor clerical corrections in legislation are authorized under s. 35.17, stats.; Senate Rule 31, Assembly Rule 37 and Joint Rule 56.