

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4043/4
INTRODUCTION # AB 801
Admin. Rule #

Subject
 Exempt Air Carriers with Hub Terminal Facility from Airline Tax and Property Tax

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input checked="" type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input checked="" type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Create New Appropriation		

Local: No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
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Assumptions Used in Arriving at Fiscal Estimate:

Under current law, airline companies pay a tax to the state based on the value of their property allocated to the state times the state average net property tax rate. An airline subject to the state tax is exempt from local property taxes on property used in the airline business.


Proceeds from the airline tax are deposited in the transportation fund for use in aeronautical projects across the state.

Under the bill, an airline company which operates a "hub terminal facility" in the state would be exempt from the state tax on airline companies. Exemption from the airline tax would ordinarily subject airline company property to local taxation were it not for a provision in the bill which provides an exemption from local property taxes for "property of an air carrier company that operates a hub terminal facility in this state." The bill defines "hub terminal facility" as a place where, in the prior year, an airline had at least 45 departing flights with non-stop service to at least 15 different destinations.

Based on current scheduling data available to the department, only one airline company, Midwest Express Holdings (MEH), would qualify for the exemption proposed under the bill. Based on data from the airline tax roll, if the bill had been in effect for 1999 the state airline tax would have been reduced by about \$1,730,000. The reduction in future years' state airline tax could be more or less than this amount, depending on changes in property owned by MEH and on whether any other airline companies qualify for the exemption.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Daniel P. Huegel, (608) 266-5705	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 3/2/00
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The bill also provides total exemption from the general property tax for all property owned by a hub airline, whether used in the operation of the airline or not. Under current law, airline property that is not used in the operation of the airline is considered "non-operating property" and subject to local property taxes. Under the bill, non-operation property would be exempt from local taxes. Thus, to the extent that an airline qualifying for exemption under the bill owns non-operating property subject to local property taxes, the bill would provide an exemption for that property.

YEB 3/2/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Subject

Exempt Air Carriers with Hub Terminal Facility form Airline Tax and Property Tax

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S Transportation Fund		- see text
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ see text _____	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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