

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

LRB # 99-4836/1

INTRODUCTION # AB 958

Admin. Rule #

Subject

Create a Grant for an Air Carrier that Operates a Hub Facility

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.395 (2)(dq) and (dr)

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, together with proceeds from aircraft registration fees and from general aviation fuel taxes, are deposited in the transportation fund for use in aeronautical projects across the state.

This bill provides for the following:

1. Appointment of an airport financing committee by the Governor to evaluate and make recommendations on, among other things, the "allocation of sales tax receipts from the sale of aircraft, parts and services", which are now General Purpose Revenue (GPR), to a new SEG-Transportation appropriation for aeronautical activities. The committee is to report its findings by December 31, 2000 to the governor and legislature.
2. Creation of a grant program administered by the Department of Transportation to award grants totaling \$1.5 million annually to air carriers having a hub facility in this state. The first grant would be awarded July 1, 2003. A "hub facility" is defined as a facility at a Wisconsin airport from which an air carrier company operates at least 45 departing flights each weekday with non-stop service to at least 15 different destinations.
3. Creation of a new SEG-Transportation appropriation for aeronautical activities beginning July 1, 2003, to replace the existing appropriation. The new appropriation includes all current revenue sources for

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Long-Range Fiscal Implications:

| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
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| Wisconsin Department of Revenue John Stott, (608) 266-9706 | Yeang-Eng Braun <i>Yeang-Eng Braun</i> (608) 266-2700 | 4/7/00 |

funding aeronautical activities in the state, plus any other tax or fee received from an aeronautical activity and deposited in the transportation fund.

Midwest Express and its Skyway Airlines subsidiary would qualify for the grant under this bill. The bill has no immediate fiscal effect. However, if legislation were enacted that would allow the transfer of sales tax receipts from the sale of aircraft, parts and services from GPR to the SEG appropriation created by the bill, there would be a loss to GPR of at least \$2.6 million. Data on sales and use taxes collected by the Department of Transportation (DOT) for "self-reported sales" of aircraft totaled \$2.6 million in FY99. Self-reported sales include (1) occasional sales of used aircraft between private individuals, and (2) out-of-state dealer sales of new and used aircraft to Wisconsin owners. There would be additional revenue losses from the sale of parts and services, but data are not available for those items.

