

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4/25/00

BILL NO. AB 941

OR
SUBJECT Airline Tax

WILLIAM JORDAN

(NAME)

W6390 CHALLENGER DR. #203

(Street Address or Route Number)

APPLETON WI 54915

(City and Zip Code)

ALR WILCOXSON

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-25-00

BILL NO. 941

OR
SUBJECT Financial

Resistance Air Carrier

DONALD HOEFT

(NAME)

287 Mill Rd

(Street Address or Route Number)

Greenleaf, WI 54126

(City and Zip Code)

AUSTIN STRABEL Int'l Airport

(Representing) Brown County Green Bay

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; ~~Neither for nor against:~~

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-25-00

BILL NO. AB 941

OR
SUBJECT _____

Rep. Dean Kaufert

(NAME)

(Street Address or Route Number)

(City and Zip Code)

55th Assembly District

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4/25

BILL NO. AB 941

OR

SUBJECT _____

ERIC PERERSEN
(NAME)

(Street Address or Route Number)

(City and Zip Code)

WTBA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: April 25, 2000

BILL NO. AB 941

OR

SUBJECT _____

CHRIS SPOONER
(NAME)

201 W. WASHINGTON
(Street Address or Route Number)

MADISON WI
(City and Zip Code)

OFFICE OF SECRETARY, DEPT. OF COMMERCE
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4/25/00

BILL NO. AB 941

OR

SUBJECT AIRCRAFT TAX

Don Kuehn
(NAME)

2 E. MIFFLIN St. #660
(Street Address or Route Number)

MADISON, WI
(City and Zip Code)

AIR WISCONSIN AIRLINES
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP
(Please Print Plainly)

DATE: 4.25.00
BILL NO. AB 941
OR
SUBJECT _____

REP. RILEY
(NAME)

(Street Address or Route Number)

(City and Zip Code)
REP
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP
(Please Print Plainly)

DATE: 4-25-00
BILL NO. AB941
OR
SUBJECT Midwest Express Bill

Senator Margaret Falter
(NAME)

(Street Address or Route Number)

(City and Zip Code)
33rd Senate District
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP
(Please Print Plainly)

DATE: 4/24/00
BILL NO. AB941
OR
SUBJECT _____

Eric Bergerding
(NAME)
501 E. Washington
(Street Address or Route Number)
Madison 53703
(City and Zip Code)
WMC
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4/25

BILL NO. AB 941

OR
SUBJECT MIDWEST EXPRESS

BILL REIS
(NAME)

756. N. MILW. #400
(Street Address or Route Number)

MILW. 53202
(City and Zip Code)

MMAC
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 25 APRIL 00

BILL NO. AS 941

OR
SUBJECT _____

DAVID JENSEN
(NAME)

WISCONSIN ANILBERT MANAGEMENT
(Street Address or Route Number)

ASSOCIATION
(City and Zip Code)

4000 INTERNATIONAL LA.
MADISON WI 53704
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-26-00

BILL NO. AB 941

OR
SUBJECT _____

KEITH GERARD
(NAME)

HILL FARMS STATE OFFICE
(Street Address or Route Number)

MADISON
(City and Zip Code)

DEPT. OF TRANSPORTATION
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 7/25

BILL NO. AB941

OF

SUBJECT _____

Rep. Jeff Pala
(NAME)

(Street Address or Route Number)

(City and Zip Code) 2157 AD

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-AI-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-25-2000

BILL NO. AB941

OF

SUBJECT _____

Rep. Jeff Stone
(NAME)

82nd Assembly Districts
(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-AI-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-25-2002

BILL NO. AB-941

OR
SUBJECT _____

Rick Grobschmidt
(NAME)

(Street Address or Route Number)

(City and Zip Code)
216 Senate Dist
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4/25/00

BILL NO. PB 941

OR
SUBJECT _____

Carol Skornicka
(NAME)

(Street Address or Route Number)

(City and Zip Code)
MIDWEST EXPRESS
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

Analysis of Assembly Substitute Amendment 2, to Assembly Bill 941

Assembly Bill 941 ASA 2, was adopted by the State Assembly on March 29, 2000. The bill was messaged to the Senate but has not been considered there.

- Midwest Express Airlines and Air Wisconsin, as **"Hub" carriers**, are granted an **exemption from the ad valorem property tax** on all air carrier's operating in Wisconsin. In 1999, Midwest Express' ad valorem tax assessment was \$1,729,591 and Air Wisconsin's was \$446,746. Aviation revenues deposited in the Transportation Fund will decrease approximately \$1.1 million gated in FY 2001 and \$2.2 million in FY 2002 and thereafter.
- Airport development for '01 '02 is **funded at current levels** from the Transportation Fund until June 30, 2003.
- Beginning July 1, 2003, State funding for airport development will be segregated from the Transportation Fund. A **new, dedicated Aeronautical Activities Fund** is created. The dedicated aviation revenues include the receipts from the ad valorem property taxes on air carriers, general aviation fuel taxes, aircraft registration fees, and sales and use taxes on non-commercial aircraft. Aviation revenues from these sources are projected to total \$10.5 million in FY 2001-02.
- Beginning July 1, 2003, **provides supplemental support for the new Aeronautical Activities Fund** for airport development funding at current levels. If receipts from dedicated aviation revenues fall below the current program level of \$11.8 million, the shortfall will be supplemented by contributions of up to \$1.3 million; \$650,000 each from the segregated Transportation Fund and the General Fund.
- **Broadens the revenue base** for funding the airport development program by dedicating the revenues from sales and use tax on noncommercial aircraft to Aeronautical Activities Fund. Assuming the economy remains strong and aviation revenues continue to grow, the provisions in this bill would provide greater potential for growth in airport development funding than the current aviation funding laws.
- Creates Governor's **Airport Financing Committee** appointed from airlines, airport managers, general aviation, private business, state agencies and others to evaluate the State's airport needs, funding and to recommend revenue sources at or above 2001 funding levels.

SUMMARY OF ASA 2 to AB 941 - MIDWEST EXPRESS

1. **Maintains current law relating to state appropriations for airports until July 1, 2003.** Current law funds state assistance to airports with SEG transportation dollars, which are determined by the legislature in each biennial budget. This budget set the appropriating at \$11,832,200 in each year.
2. **Creates a new appropriation beginning July 1, 2003 for state assistance to local airports.** The new appropriation would be funded with dedicated revenue from aeronautic taxes and fees that currently go to the SEG transportation fund, plus any supplemental funding from the general fund.
3. **Holds the new airport appropriation harmless for the loss of funds due to the hub airline tax exemption.** Provides that if the revenue sources directed to the newly-created appropriation in 2003 is less than the current funding level (\$11.8 million per year), the difference would be made up by first allocating sales tax revenue from the 5% sales tax on purchases of non-commercial aircraft. If the sales tax revenue is insufficient to hold the small airports harmless, the difference will be made up by 50% SEG transportation funds and 50% GPR funds, which are capped at \$650,000 from each fund, for a total of \$1.3 million.
4. **Creates a Blue Ribbon Committee on Wisconsin Airport Financing.** This committee would be charged with recommending changes to the Wisconsin's state aviation revenue structure to meet the needs of the airport system. The Committee will submit recommendations to the Governor and the Legislature no later than December 31, 2000.
5. **Includes a secondary definition of hub facility to allow Air Wisconsin to benefit from the ad valorem tax break as well.** The inclusion of Air Wisconsin will add approximately \$440,000 per biennium to the cost of the bill.

Passed

AB941

ASSEMBLY BILL 941

An Act to repeal 20.395 (2) (dq); to amend 20.395 (4) (aq), 20.395 (9) (rd) and 20.395 (9) (td); and to create 20.395 (2) (dr) and 114.41 of the statutes; relating to: financial assistance for an air carrier that operates from a hub facility, creating an airport financing committee, granting rule-making authority and making appropriations. (FE)

2000

03-28-00.	A.	Introduced by Representatives Stone, Jensen, Gard, Duff, Walker, Jeskewitz, Klusman, Wieckert, Kaufert, Kedzie, Townsend, Seratti, Skindrud, Kelso and Vrakas.	
03-28-00.	A.	Read first time and referred to committee on Rules.	843
03-28-00.	A.	Assembly substitute amendment 1 offered by Representatives Stone, Jensen, Kaufert, Gard, Walker and Duff.	841
03-28-00.	A.	Placed on calendar 3-29-2000 by committee on Rules.	
03-29-00.	A.	Fiscal estimate received.	
03-29-00.	A.	Read a second time.	875
03-29-00.	A.	Assembly substitute amendment 2 offered by Representatives Stone and Jensen.	875
03-29-00.	A.	Assembly substitute amendment 3 offered by Representatives Plale, Riley, Krug, Sinicki and Bock.	875
03-29-00.	A.	Assembly substitute amendment 3 laid on table, Ayes 58, Noes 39.	875
03-29-00.	A.	Assembly amendment 1 to Assembly substitute amendment 2 offered by Representatives Plale and Riley.	876
03-29-00.	A.	Assembly amendment 1 to Assembly substitute amendment 2 laid on table, Ayes 60, Noes 37.	876
03-29-00.	A.	Refused to take Assembly substitute amendment 3 from table and take up, Ayes 38, Noes 59.	876
03-29-00.	A.	Assembly amendment 2 to Assembly substitute amendment 2 offered by Representatives Carpenter, Cullen and Black.	876
03-29-00.	A.	Refused to lay on the table, Ayes 16, Noes 81.	877
03-29-00.	A.	Assembly amendment 2 to Assembly substitute amendment 2 laid on table, Ayes 58, Noes 39.	877
03-29-00.	A.	Assembly amendment 3 to Assembly substitute amendment 2 offered by Representatives Riley and Plale.	877
03-29-00.	A.	Assembly amendment 3 to Assembly substitute amendment 2 laid on table, Ayes 60, Noes 37.	877
03-29-00.	A.	Assembly amendment 4 to Assembly substitute amendment 2 offered by Representatives Berceau and Cullen.	877
03-29-00.	A.	Assembly amendment 4 to Assembly substitute amendment 2 laid on table, Ayes 63, Noes 34.	877
03-29-00.	A.	Assembly amendment 5 to Assembly substitute amendment 2 offered by Representative Carpenter.	878
03-29-00.	A.	Assembly amendment 5 to Assembly substitute amendment 2 laid on table, Ayes 59, Noes 38.	878
03-29-00.	A.	Assembly amendment 6 to Assembly substitute amendment 2 offered by Representative	

	Carpenter.	878
03-29-00.	A. Assembly amendment 6 to Assembly substitute amendment 2 laid on table, Ayes 59, Noes 38.	878
03-29-00.	A. Assembly amendment 7 to Assembly substitute amendment 2 offered by Representative Carpenter.	878
03-29-00.	A. Assembly amendment 7 to Assembly substitute amendment 2 laid on table, Ayes 57, Noes 40.	878
03-29-00.	A. Assembly amendment 8 to Assembly substitute amendment 2 offered by Representative Carpenter.	879
03-29-00.	A. Assembly amendment 8 to Assembly substitute amendment 2 laid on table, Ayes 56, Noes 40.	879
03-29-00.	A. Point of order that Assembly substitute amendment 2 not properly before the Assembly, not well taken.	879
03-29-00.	A. Assembly amendment 9 to Assembly substitute amendment 2 offered by Representative Carpenter.	879
03-29-00.	A. Assembly amendment 9 to Assembly substitute amendment 2 laid on table, Ayes 54, Noes 42.	879
03-29-00.	A. Assembly amendment 10 to Assembly substitute amendment 2 offered by Representative Carpenter.	879
03-29-00.	A. Assembly amendment 10 to Assembly substitute amendment 2 laid on table, Ayes 56, Noes 40.	879
03-29-00.	A. Assembly amendment 11 to Assembly substitute amendment 2 offered by Representative Carpenter.	880
03-29-00.	A. Assembly amendment 11 to Assembly substitute amendment 2 withdrawn and returned to author.	880
03-29-00.	A. Assembly amendment 12 to Assembly substitute amendment 2 offered by Representative Carpenter.	880
03-29-00.	A. Assembly amendment 12 to Assembly substitute amendment 2 laid on table, Ayes 54, Noes 42.	880
03-29-00.	A. Placed on the calendar following Assembly Bill 942.	880
03-29-00.	A. Assembly amendment 13 to Assembly substitute amendment 2 offered by Representative Carpenter.	880
03-29-00.	A. Assembly amendment 13 to Assembly substitute amendment 2 laid on table, Ayes 58, Noes 38.	880
03-29-00.	A. Assembly substitute amendment 2 adopted , Ayes 59, Noes 37.	881
03-29-00.	A. Ordered to a third reading.	881
03-29-00.	A. Ordered to a third reading.	881
03-29-00.	A. Rules suspended.	881
03-29-00.	A. Read a third time and passed , Ayes 71, Noes 24, Paired 2.	881
03-29-00.	A. Ordered immediately messaged.	882
03-30-00.	S. Received from Assembly.	566
03-30-00.	S. Read first time and referred to committee on Economic Development, Housing and Government Operations.	568
04-06-00		



**SENATE SUBSTITUTE AMENDMENT ,
TO 1999 ASSEMBLY BILL 941**

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 that operates from a**
3 **hub facility, creating an airport financing committee and granting rule-making**
4 **authority.**

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

- 5 **SECTION 1. 70.11 (40) of the statutes is created to read:**
6 **70.11 (40) HUB FACILITY. (a) In this subsection:**
7 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. In this subdivision, "aircraft" has the meaning given in s. 76.02 (1).
10 2. "Hub facility" means any of the following:
11 a. A facility at an airport from which an air carrier company operated at least
12 45 common carrier departing flights each weekday in the prior year and from which

1 it transported passengers to at least 15 nonstop destinations, as defined by rule by
2 the department of revenue, or transported cargo to nonstop destinations, as defined
3 by rule by the department of revenue.

4 b. An airport or any combination of airports in this state from which an air
5 carrier company cumulatively operated at least 20 common carrier departing flights
6 each weekday in the prior year, if the air carrier company's headquarters, as defined
7 by rule by the department of revenue, is in this state.

8 (b) Property owned by an air carrier company that operates a hub facility in this
9 state, if the property is used in the operation of the air carrier company.

10 (c) Paragraph (b) does not apply to property that is assessed after December
11 31, 2003.

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

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

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

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

22 **SECTION 4. Nonstatutory provisions.**

23 (1) AIRPORT FINANCING COMMITTEE. There is created an airport financing
24 committee consisting of members appointed by the governor. The governor shall
25 appoint members representing the department of transportation, the department of

1 commerce, airport managers, airlines serving this state, the general aviation
2 community, the people of this state, and private businesses having an interest in
3 transportation policy and financing. The committee shall review and evaluate this
4 state's airport system needs and the current system of funding those needs and shall
5 recommend changes, if any, to better meet those needs. The committee shall
6 evaluate, among other things: aircraft registration fees; aviation fuel taxes and fees;
7 allocation of sales tax receipts from the sale of aircraft, parts and services, and
8 allocation of other moneys received from activities related to aviation. The
9 committee's recommendations, if any, should, if enacted, generate revenue in
10 amounts equal to or greater than the sum of moneys appropriated for aeronautical
11 activities in fiscal year 2001. Not later than December 31, 2000, the committee shall
12 submit a report containing the committee's evaluation, findings and
13 recommendations to the governor, and to the legislature in the manner provided
14 under section 13.172 (2) of the statutes.

15 **SECTION 5. Initial applicability.** The treatment of sections 70.11 (40), 76.02
16 (1) and 78.55 (1) of the statutes first applies to the property tax assessments as of
17 January 1, 2001.

18 (END)



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 18, 2000

TO: Senator Russell Decker
Room 323 South, State Capitol

FROM: Jon Dyck, Al Runde and Faith Russell

SUBJECT: Assembly Substitute Amendment 2 to Assembly Bill 941: Property Tax Exemption for Air Carriers Operating from a Hub Facility

At your request, this memorandum summarizes Assembly Substitute Amendment 2 to Assembly Bill 941 and provides an analysis of the fiscal effect of the amendment.

SUMMARY OF SUBSTITUTE AMENDMENT

Assembly Substitute Amendment 2 to Assembly Bill 941 would 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 a hub facility in Wisconsin, if the property is used in the operation of the air carrier company, effective with property assessed as of January 1, 2001.

An air carrier would be defined as any person engaged in the business of transporting persons or property in aircraft for hire on regularly scheduled flights. ASA 2 would define a hub facility as either one of the following: (a) a facility from which an air carrier 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 transported cargo to nonstop destinations; or (b) an airport or any combination of airports in Wisconsin from which an air carrier company cumulatively operated at least 20 common carrier departing flights each weekday in the prior year, if the air carrier company's headquarters is in the state. DOR would be required to promulgate an administrative rule defining "nonstop destinations" and "company headquarters" for purposes of this provision. This provision would currently only apply to Midwest Express and Air Wisconsin Airlines.

Effective July 1, 2003, the substitute amendment would repeal the existing, sum certain aeronautics assistance SEG appropriation and replace it with three new aeronautical activities

appropriations. One of the new appropriations would be a transportation fund appropriation of all monies received from: (a) the ad valorem tax on air carriers; (b) aircraft registration fees; (c) the general aviation fuel tax; (d) sales and use taxes on noncommercial aircraft; and (e) any other tax or fee received from an aeronautical activity and deposited in the transportation fund. This appropriation would exclude those amounts appropriated from the following: (a) aeronautical assistance funds provided to the state by local units of government or other sources; (b) federal aeronautical assistance funds; and (c) funds received by DOT as payment for services associated with the Department's aircraft fleet. Deposits to this newly-created aeronautical activities appropriation would first apply to monies received from taxes and fees on July 1, 2003. The substitute amendment would require the transfer of any unencumbered amounts in the current state aeronautics assistance appropriation to this newly-created aeronautical activities appropriation on July 1, 2003.

Beginning with July 1, 2003, and every July 1 thereafter, the Department of Revenue would be required to determine the total amount of sales and use taxes on noncommercial aircraft paid in the immediately preceding calendar year and transfer that amount to the transportation fund. Currently, tax collections on the sale and use of noncommercial aircraft are deposited in the general fund.

Of the other two aeronautical activities appropriations created by the substitute amendment, one would be from the transportation fund and the other would be from the general fund. They would be sum sufficient appropriations that would supplement the funding available for aeronautics assistance from the new, all-monies-received appropriation. The amounts appropriated in each of these two appropriations would be equal to the lesser of the following: (a) one-half of the difference between the amount of aeronautical taxes and fees credited to the new aeronautical activities appropriation during the preceding fiscal year and \$11.8 million (unless the amount received exceeds \$11.8 million); or (b) \$650,000. The amendment would specify that no moneys could be encumbered from either of these two appropriations in excess of the amounts encumbered from the other appropriation, which ensures that the same amount will be encumbered from each appropriation every year. In total, no more than \$1.3 million could be provided in any fiscal year (\$650,000 GPR and \$650,000 SEG) to supplement the all-monies-received appropriation.

The substitute amendment would also create an Airport Financing Committee, with members appointed by the Governor representing: (a) the Department of Transportation; (b) the Department of Commerce; (c) airport managers; (d) airlines serving Wisconsin; (e) the general aviation community; (f) the people of Wisconsin; and (g) private businesses having an interest in transportation policy and financing. The Committee would be required to review and evaluate the state's airport system needs and the current system of funding those needs and would have to recommend changes, if any, to better meet those needs. In conducting this evaluation, the Committee would be required to review, among other things: (a) aircraft registration fees; (b) aviation fuel taxes and fees; (c) allocation of sales tax receipts from the sale of aircraft, parts and services to the aeronautical activities appropriation created by the substitute amendment; and (d) allocation of other moneys to this appropriation. The Committee's recommendations would be required, if enacted, to generate revenue in amounts equal to or greater than the sum of moneys appropriated for aeronautical activities in 2000-01. The Committee would be required to submit a

report containing its evaluation, findings and recommendations to the Governor and Legislature not later than December 31, 2000.

FISCAL EFFECT

Under the substitute amendment, the exemption from Chapter 70 property taxes and from Chapter 76 state ad valorem taxes would first occur for taxes assessed as of January 1, 2001. Ad valorem tax payments are made in May and November of the year for which the assessments are made. In 2001, it is estimated that the assessment for Midwest Express would be approximately \$1.7 million, while the assessment for Air Wisconsin Airlines would be \$438,000. Because the tax exemption would initially apply to taxes assessed as of January 1, 2001, these air carriers would not be required to make a May, 2001, payment. As a result, revenues to the transportation fund would be reduced by approximately \$1,069,000 in 2000-01 and \$2,138,000 annually thereafter.

Beginning in 2003-04, however, transportation revenue would be increased as collections from the sales and use taxes collected on the sale and use of noncommercial aircraft are deposited in the transportation fund. It is estimated that this transfer would be approximately \$3.0 million annually. However, based on historical patterns, sales of noncommercial aircraft and, therefore, tax collections from such sales, can be expected to fluctuate considerably from year to year.

The substitute amendment would replace the current SEG appropriation for aeronautics assistance (\$11,832,200 in 2000-01) with the three new appropriations, beginning in 2003-04. It is estimated that, if there are no tax and fee changes or changes in the tax base prior to that time, that the total amount appropriated in the all-monies-received appropriation would be \$11.1 million annually, which includes the \$3.0 million from sales and use taxes on noncommercial aircraft. In this case, \$350,000 GPR and \$350,000 SEG would be appropriated annually in the supplemental appropriations to make up the difference between \$11.8 million and the amounts in the all-monies-received appropriation. However, in the first year this funding mechanism is in place (2003-04), \$650,000 GPR and \$650,000 SEG would be appropriated in the supplemental appropriations, since no monies would have been deposited in the all-monies-received appropriation in 2002-03.

If the amount in the all-monies-received appropriation falls below \$10.5 million in any year, the amount available for aeronautics assistance would fall below \$11.8 million in that year because each of the supplemental appropriations is capped at \$650,000. If the amount in the all-monies-received appropriation exceeds \$11.8 million in any year, then no funds would be appropriated in the supplemental appropriations in the following year.

We hope this information is helpful. If you have any further questions, please contact us.

JD/lah



STATE REPRESENTATIVE
ANTONIO R. RILEY
18TH ASSEMBLY DISTRICT

Written testimony

Senate Committee on Economic Development, Housing and Government Operations

Informational public hearing on Assembly Bill 941

April 25, 2000
State Capitol, Room 300 Southeast

By State Representative Antonio R. Riley

There's still time for the legislature to take care of unfinished business.

The long list of legislative things-to-do includes acting to let Midwest Express grow in Wisconsin.

Today, I want to add my voice to those calling for state government to move expeditiously to enact Assembly Bill 941—or similar legislation—to reduce the tax disincentives for the airline's plans to expand and remain competitive in Wisconsin.

We still have the chance to do the right thing. Let's get this job done. No more delays. No more excuses.

Midwest Express is planning a major expansion of service and capacity. The airline, which is the only publicly-traded airline headquartered in the state, is weighing the merits of building that expansion in Milwaukee, where its hub is currently located.

During the complex negotiations surrounding the state's budget bill, the Midwest Express tax initiative surfaced but failed to be included in the budget deal that was finally worked-out.

It's a mystery to me why Wisconsin—which has done so much over recent years on a bi-partisan basis to improve its business climate—has been dragging its feet when it comes to helping Midwest Express, one of Wisconsin's signature corporations.

Democrats and Republicans alike want Wisconsin to maintain a robust, job-producing economy. Anyone who doubts the importance of Midwest Express for Wisconsin's economy ought to keep some key facts in mind. Remember, Midwest Express's presence in Wisconsin:

- results in 10,500 jobs, including 2,742 workers employed directly by the airline in the Milwaukee-area;
- generated \$459 million in business revenue;
- generated an economic impact in terms of personal earnings and spending of \$266 million; and
- generated \$453 million in state and local tax revenues in 1998.

Wisconsin's tax policies relating to airlines create disincentives for growth and put Wisconsin-based airlines at a disadvantage when compared to airlines located in neighboring states.

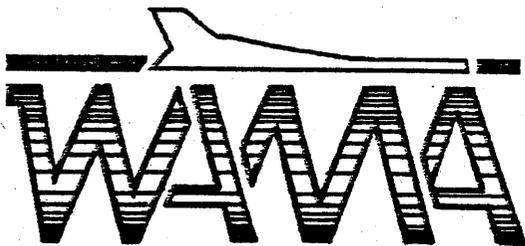
One thing that we've been doing in Wisconsin over the past few years to encourage economic growth is to eliminate items from the list of taxable property. For example, we have recently exempted computers, pollution abatement equipment and animals and livestock from property taxes.

Let's extend this pro-growth agenda by exempting from property taxes all property owned by an air carrier that operates an air carrier hub terminal in Wisconsin effective with taxes assessed January 1, 2001. Minnesota, Iowa, Michigan and Illinois all have tax policies that treat airlines more favorably than does Wisconsin.

Paving the way for Midwest Express to remain competitive and grow in Wisconsin should be a priority for state government. When Midwest Express grows, we all grow.

Midwest Express is a company of exceptional quality. It has become justifiably famous for customer satisfaction and for intense customer loyalty. Midwest Express's good name does Wisconsin proud. Keeping the airline positioned for growth here not only makes quantifiable economic sense, it's also key for important intangible reasons: pride, quality of life, prestige. Midwest Express and Wisconsin: it's a partnership that's worked for both of us. Let's keep it going.

It's time to act.



WISCONSIN AIRPORT MANAGEMENT ASSOCIATION

President
David C. Jensen
Madison
608-246-3387
608-246-3385 fax

April 11, 2000

Vice President
Mike Daigle
LaCrosse
608-789-7466
608-789-7469 fax

Senator Chuck Chvala
Senate Majority Leader
Room 211 South, State Capitol
Madison, WI 53702

Secretary
Mike Olson
LaCrosse
608-789-7464
608-789-7469 fax

Dear Senator Chvala:

I want to personally thank you for your continued support of Wisconsin's airports during the legislative debate over the Midwest Express tax exemption proposal. Your efforts, along with those of Senator Russ Decker empowered airports to achieve future funding assurances, which were lacking in the original proposed bill.

Treasurer
Richard Williams
Eagle River
715-479-7442
715-479-1868 fax

The Assembly recently passed ASA2-AB941 after a lengthy debate based in merit and constituent input rather than partisan politics. The provisions contained in this legislation have satisfied the imminent concerns of airports and facilitate the opportunity to engage broader long-range issues. I have received assurance from the Governor's office this legislation would be signed into law intact should it reach his desk.

Board of Directors

James S. Hansford
Mosinee
715-693-2147 ext 7
715-693-4614 fax

It has been particularly gratifying to watch this reform legislation take shape and impartially accommodate both Wisconsin based airlines as well as ensuring adequate airport development funds are replenished annually. Please consider the fact that the overall state revenues generated from the economic activities of Wisconsin's airports far exceed the amount of return dollars for state aviation needs.

Paul Hanson
Manitowoc
920-683-4594
920-683-5103 fax

Today, during the Wisconsin State Aviation Conference 2000, the Wisconsin Airport Management Association gathered at its annual general membership meeting. The members voted unanimously in support of ASA2-AB941. Our organization is satisfied that ASA2-AB941 in its current framework, is equitable to both Wisconsin based airlines and Wisconsin's airports.

Nate Nez
Phillips
715-339-3701
715-339-2579 fax

In anticipation this broad constituent support would diminish any ancillary concerns you might have with this legislation, I respectfully ask your support of this bill and request that you introduce it to the Senate for consideration.

Thank you again for your support of Wisconsin's airports.

Sincerely,

David C. Jensen, President
Wisconsin Airport Management Association



April 25, 2000

Senator Robert Wirch
 Chairman, Committee on Economic Development, Housing and Government Operations
 State Capitol, Room 310 South
 P.O. Box 7882
 Madison, WI 53707-7882
 Via Fax: (608) 267-0984

Dear Chairman Wirch:

In advance of the hearing before the Committee on Economic Development, Housing and Government Operations, we are writing to express our strong support for legislation that would provide tax incentives for Midwest Express to grow in Milwaukee. As your committee hears from various interests on this matter, we feel it important that we contact you on behalf of the tourism and hospitality industry in the Greater Milwaukee Area. The more than 40,000 individuals in the Milwaukee area who rely on the travel and tourism industry for their livelihood have no stronger corporate supporter than Midwest Express Airlines.

The Greater Milwaukee Convention & Visitors Bureau includes more than 800 members in tourism, hospitality and related industries in Southeastern Wisconsin. None is more vital to the future viability of Milwaukee and the State of Wisconsin as a thriving destination for business travelers, convention delegates and tourists than Midwest Express. The Convention Center that bears the name of our hometown airline has vaulted Milwaukee to the upper echelon of convention and meeting destinations, and these travelers enhance their Wisconsin experiences by choosing to enjoy "the best care in the air." The airline's sincere commitment to its hometown is further exemplified in its continuing support of our organization and other non-profit or charitable organizations throughout Southeastern Wisconsin.

Over the next several years, Midwest Express is poised to undertake a \$1 billion expansion and significantly increase the number of employees located here in the Milwaukee area. The language passed by the Wisconsin State Assembly during the recently completed session would level the playing field with surrounding states with regard to hub facilities. We strongly encourage you to move forward and to urge your colleagues to finish this important task this year by passing legislation in a special or extraordinary session that would create incentives for Midwest Express to expand in Wisconsin. The statewide economic impact of this action would be significant and would enable one of Wisconsin's own to further blossom on its home soil.

510 West Kilbourn Avenue
 Milwaukee, WI 53203
 414-273-5250
 800-231-0903 Corp. Office
 800-551-1448 Tourism Bkfg.
 414-273-5596 fax

101 West Grand Avenue
 Suite 200
 Chicago, IL 60610
 312-595-1589
 312-595-1969 fax

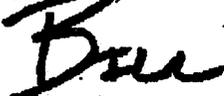
1101 17th Street, NW
 Suite 1005
 Washington, DC 20036
 202-293-6969
 202-466-9055 fax

www.milwaukee.org

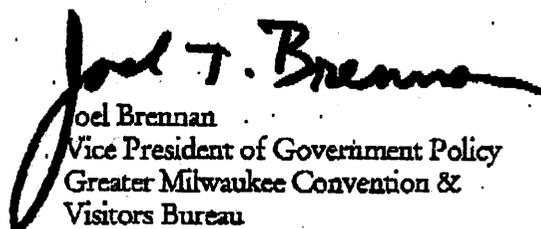
Over the next three years, more than 15 new attractions will open or expand in the Milwaukee area, including Miller Park, Wisconsin Lake Schooner Education and Research Center, Potawatomi Entertainment Center, Calatrava Expansion at the Milwaukee Art Museum and Harley-Davidson's Museum Experience, just to name a few. These attractions and a thriving convention business at the Midwest Express Center will make Southeastern Wisconsin a destination for more and more business and leisure travelers. The state needs a strong and growing hub in Midwest Express Airlines to service these travelers and to promote business and further economic development statewide. With all the pieces in place, this can become Milwaukee and Wisconsin's finest hour for tourism and its associated economic benefits. We hope you and your colleagues will take action to help make this reality by creating incentives for Midwest Express to grow here in Wisconsin.

If you have any questions, please feel free to contact either of us at (414) 287-4251. We appreciate your ongoing support of tourism in Wisconsin and your recognition of its important place as an economic development vehicle across the state.

Sincerely,



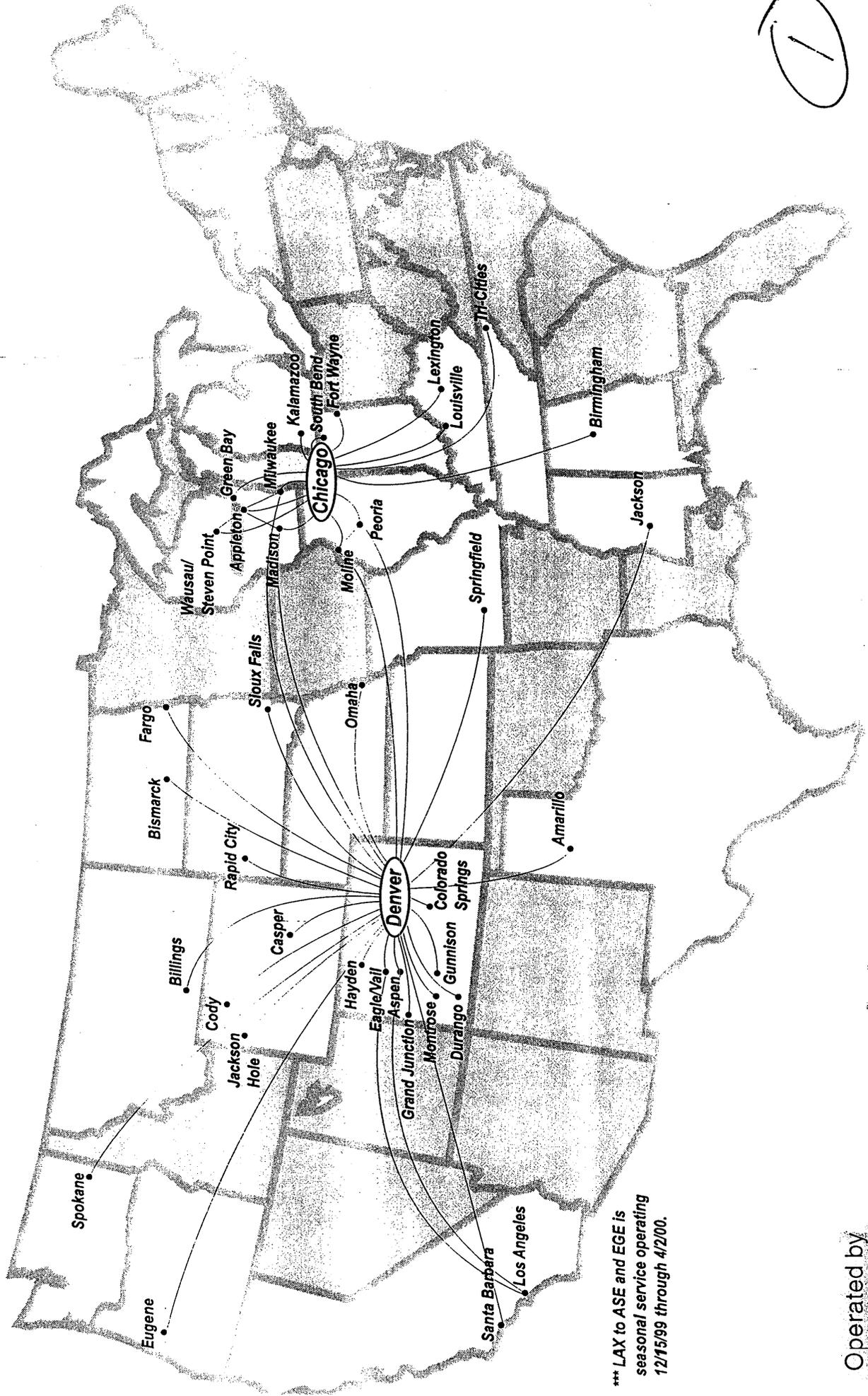
Bill Hanbury
President & CEO
Greater Milwaukee Convention &
Visitors Bureau



Joel Brennan
Vice President of Government Policy
Greater Milwaukee Convention &
Visitors Bureau

cc: Senator Rick Grobschmidt

UNITED EXPRESSES



*** LAX to ASE and EGE is seasonal service operating 12/15/99 through 4/2/00.

Operated by Air Wisconsin Airlines Corporation

Effective June, 2000



AIR WISCONSIN AIRLINES CORPORATION

(N)

Corporate Fact Sheet

Headquarters: W6390 Challenger Drive, Suite 203
Appleton, Wisconsin 54914

Telephone: General: (920) 739-5123
Executive Offices: (920) 749-4188
Fax: (920) 749-4158
Website: www.airwis.com

Officers:

Geoffrey T. Crowley	Chairman, President and CEO
Patrick J. Thompson	Executive Vice President Operations
William P. Jordan	Executive Vice President Admin./General Counsel
Rose M. Lussier	Vice President, Chief Accounting and Information Officer
W. Doug Horn	Vice President Customer Service
J. Kevin LaWare	Vice President Operations

Corporate Structure: AWAC is a Subchapter S, Privately held by six individuals.

Aircraft:

1 BAe 146-100	4 Engine Jet	86 Seats
12 BAe 146-200	4 Engine Jet	86-88 Seats
5 BAe 146-300	4 Engine Jet	100 Seats
21 Dornier 328s	2 Engine Turboprop	32 Seats
5 Canadair RJ	2 Engine Jet	50 Seats

On Order:

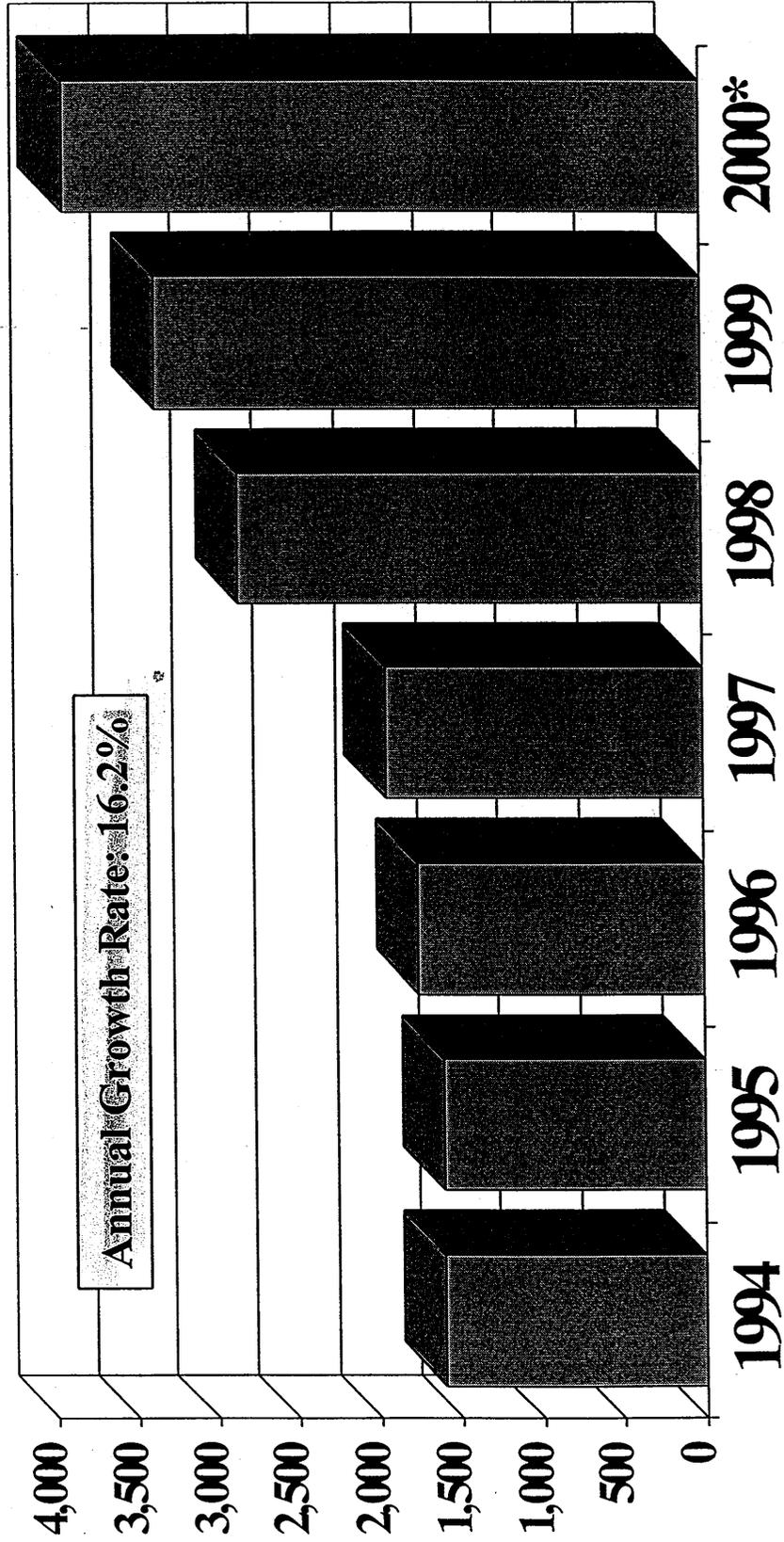
4 Canadair RJ

Statistics:	1997	1998	1999
Passengers:	1,943,000	2,848,800	3,372,503
Revenue Passenger Miles:	608,223,000	877,063,000	1,142,405,000
Available Seat Miles:	959,122,000	1,292,402,000	1,752,789,000
Load Factor:	60.3%	68.6%	61.8%
Revenue	\$140,200,000	\$196,600,000	\$260,000,000*
Employees	950	1700	2200

* Estimate

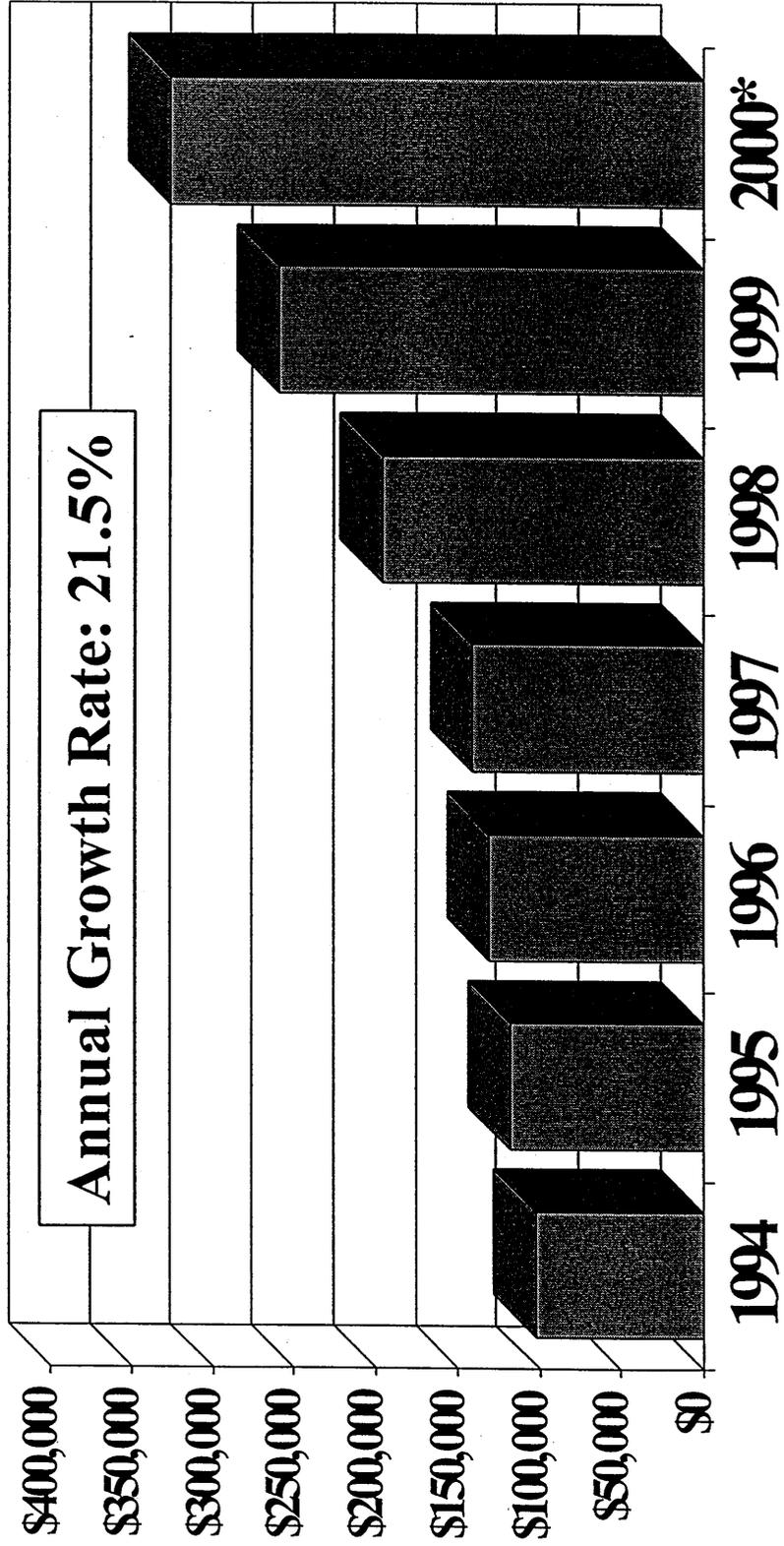
Air Wisconsin

Passengers (000)



Air Wisconsin

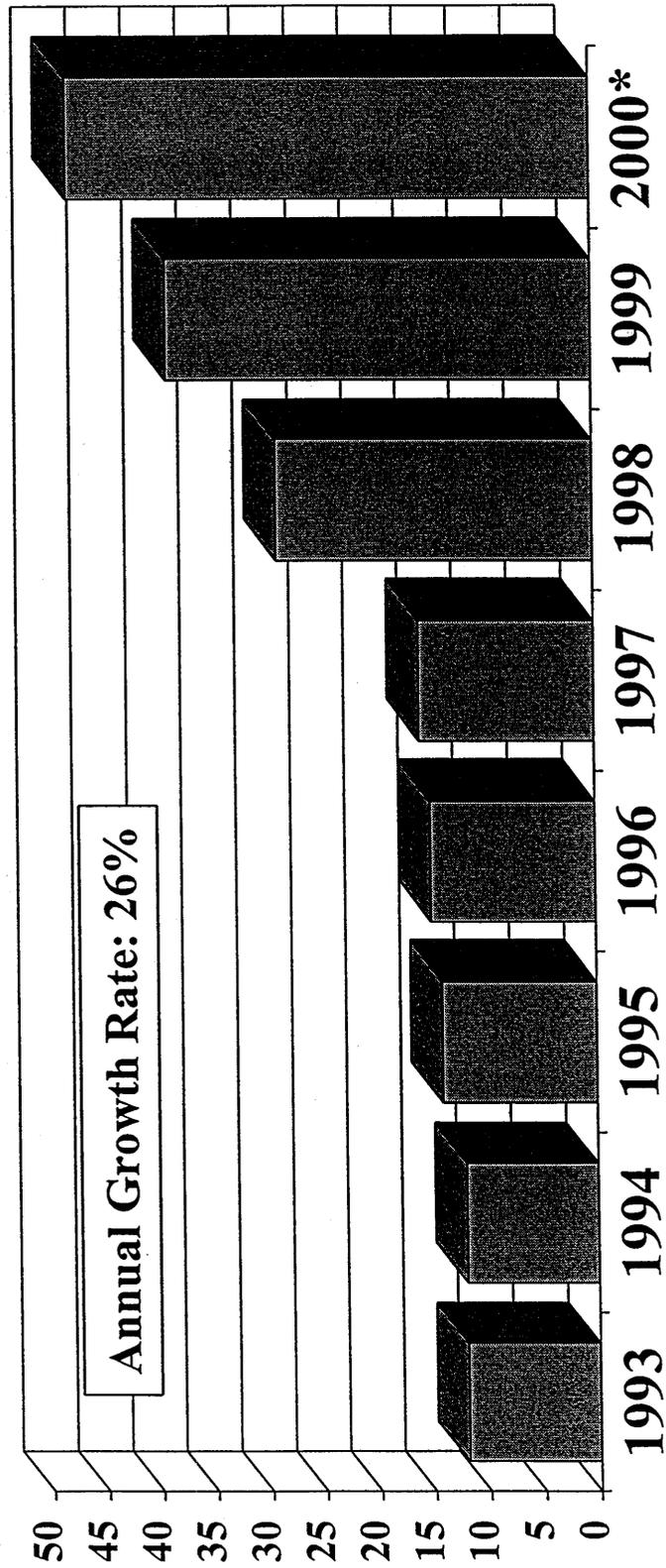
Operating Revenues (000)



4

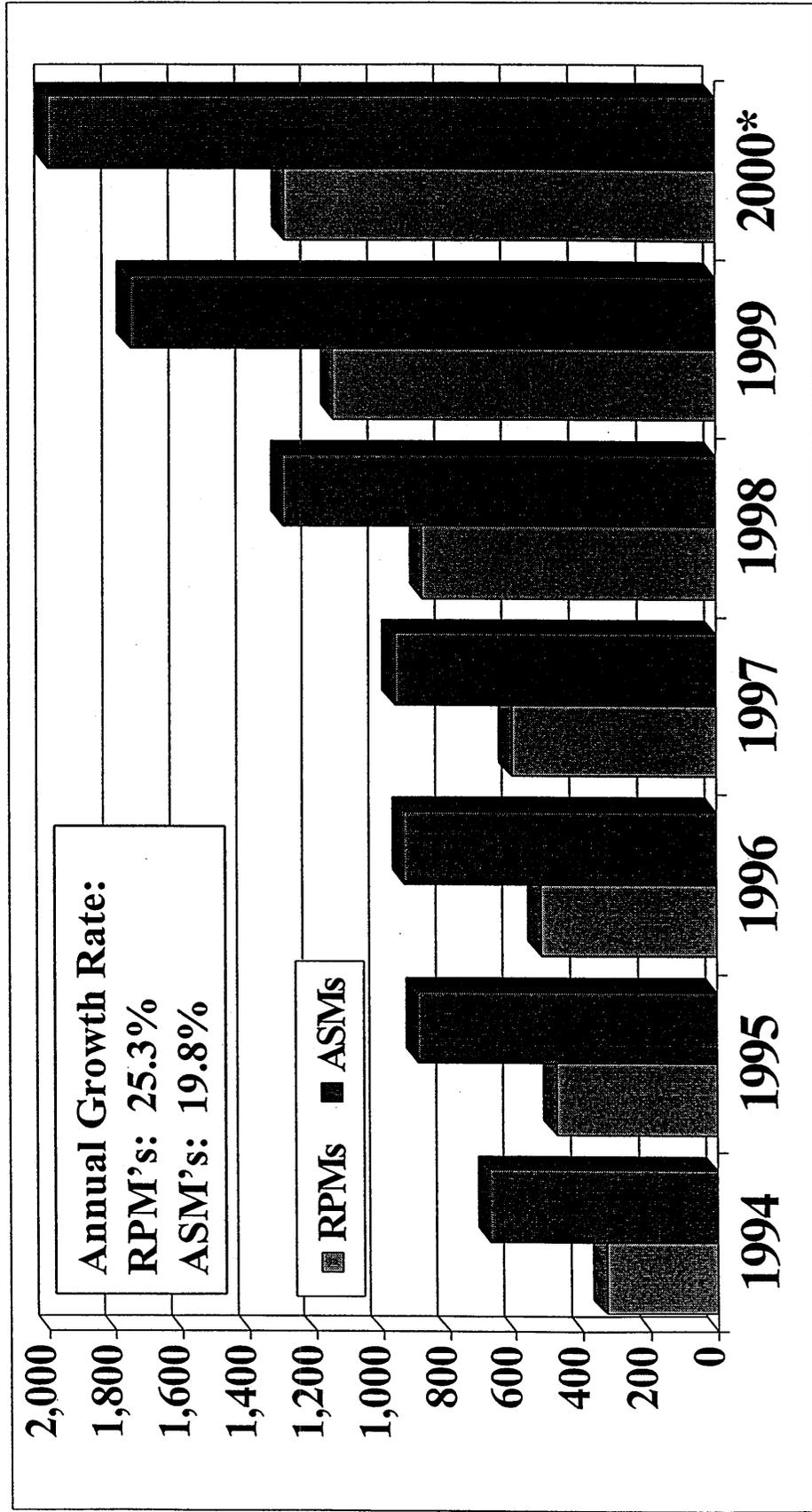
Air Wisconsin

Total Aircraft at Year End



Air Wisconsin

RPMS and ASMs (millions)

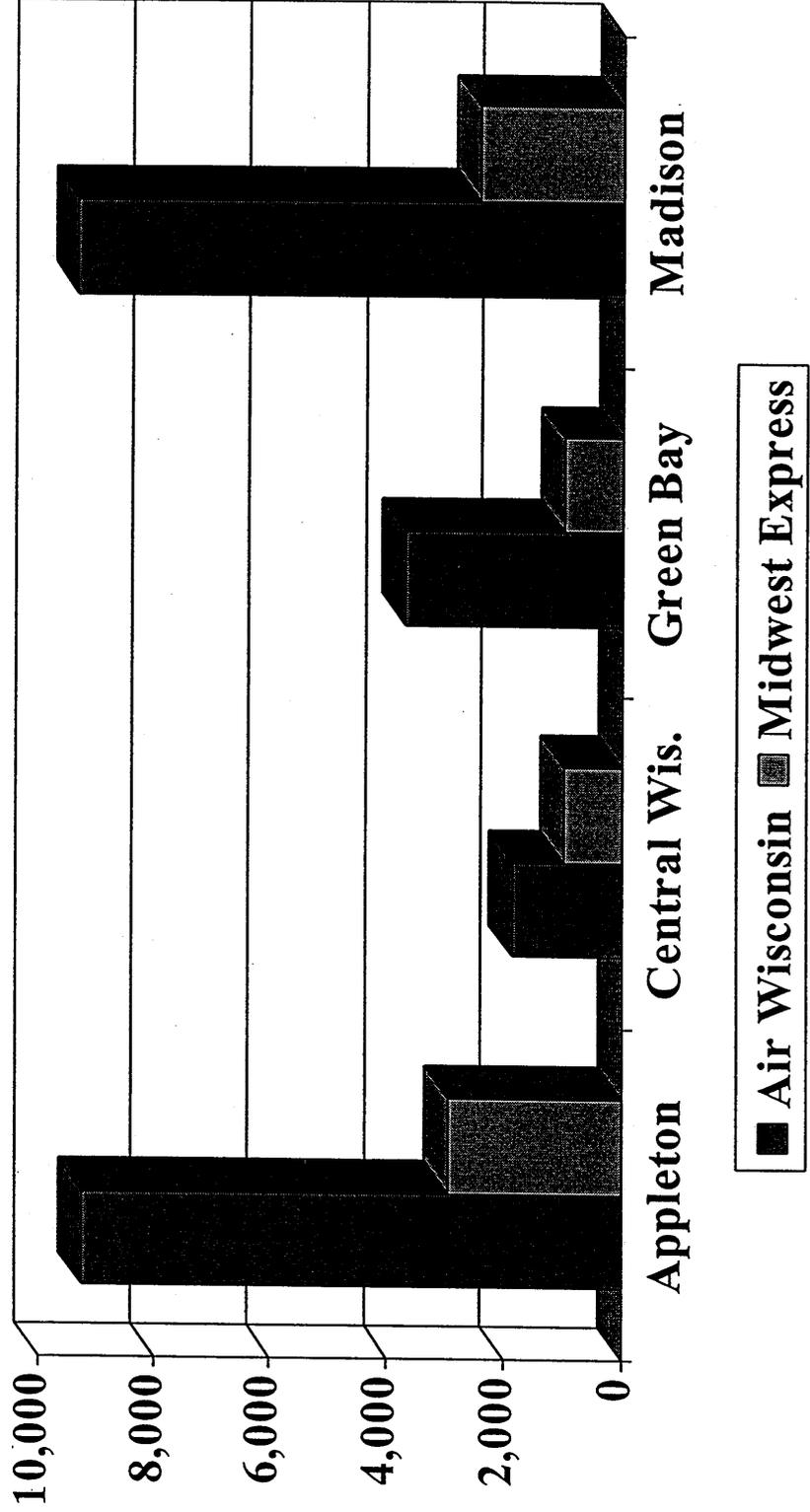


6

Wisconsin Regional Markets

Approx. Monthly Boardings to Hubs

(Midwest: MKE, AWAC: ORD, DEN)



7

1999

Midwest Express
(Includes Skyway)

Air Wisconsin

Average
Annual Growth
(6 yrs.)

Passengers (000)	2,577	3,373	16%
RPMS (000)	2,043,027	1,142,405	28%
ASMs(000)	3,164,193	1,752,789	23%
Load Factor	64.60%	65.20%	
Ave. Daily Departures	245	228	(YE 99)
Cities Served	46	42	
States Served	26	21	
Aircraft	46	41	(4Q99)
Employees (FTE)	2728	2100	(4Q99)

For more information, contact:

Ron Kuehn 252-9325
Kurt Hildebrandt 283-5642
DeWitt, Ross & Stevens
2 E. Mifflin, #600
Madison, WI 53703

8

BRIGHT CONSULTING INC.
GOVERNMENT & PUBLIC AFFAIRS

MICHAEL P. BRIGHT
PRESIDENT

123 EAST DOTY STREET, SUITE 205 MADISON, WI 53703
PHONE: 608-257-6544 / FAX: 608-257-6587
E-MAIL: bright.inc@midplains.net

MIDWEST EXPRESS AIRLINES

Preserving a partnership that works for Wisconsin and Midwest Express

Midwest Express Airlines has been a valuable asset to the state of Wisconsin.

As with other businesses, Midwest Express must remain competitive to be viable in the future.

Wisconsin property tax policies put Midwest Express at a serious competitive disadvantage.

Thoughtful tax policies have proven to be among the most successful tools available to states for encouraging economic growth.

Midwest Express is supporting tax reform that will help produce a level playing field as it plans future growth.

Midwest Express has been a valuable asset to the state of Wisconsin.

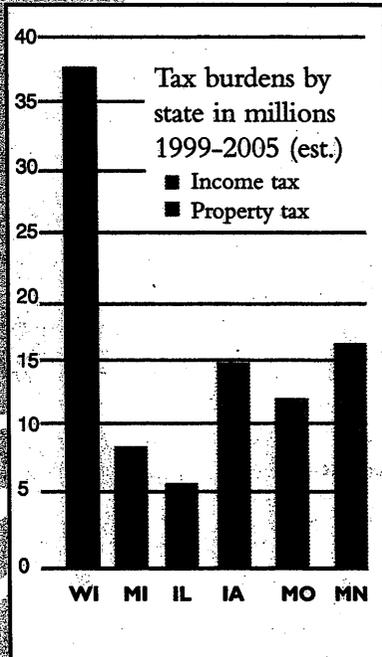
- With more than 3,000 employees and a fleet of 52 aircraft in service, Midwest Express has generated more than 10,000 jobs directly and indirectly throughout Wisconsin. The airline generates over \$265 million in personal earnings and over \$459 million in business revenue attributable to Midwest Express.
- Midwest Express provides the access that companies look for when making decisions about locating or expanding business operations and corporate headquarters. As a hub airline in Milwaukee, Midwest Express serves 80 percent of major metro areas in the country with nonstop flights from Milwaukee. It provides exclusive service to 12 of these cities. In a 1998 study, the Institute of Public Policy found that "medium-sized cities that have a hub airport have been more successful in the 1990s in either attracting high technology employment or in fostering its growth . . . there are over 12,000 more jobs in regions with hub airports than those without a hub facility."
- Moreover, the Wisconsin and Milwaukee convention and tourism industries have benefited significantly from convenient access and superior quality service provided by Midwest Express Airlines, as well as from the monies generated through naming rights of the Midwest Express Center.

As with other businesses, Midwest Express must be competitive to remain viable in the future.

- Midwest Express has been successful because it offers excellent quality service at prices comparable to other airlines. But in today's competitive environment it must continue to expand and enhance its service to maintain its reputation as a leader in service and reliability.
- The Company has plans to increase its fleet from 52 to close to 100 aircraft over the next five years. This will require an initial investment of \$966 million and will almost quadruple the book value of its fleet from \$212 million to \$820 million. The Company anticipates providing service to and between new cities, with expanded service and greater capacity to others.

Wisconsin property tax policies put Midwest Express at a serious competitive disadvantage.

- The nearly \$1 billion investment that Midwest Express plans to make to upgrade its service capability will substantially increase the property tax paid under current Wisconsin law.
- If Midwest Express invests in an expanded fleet, it would pay millions of dollars more in Wisconsin property taxes alone than its competitors would pay under the same circumstances. If all projected growth for Midwest Express were to be located in Wisconsin, current property tax law would result in a total property tax liability of \$22.5 million for the Company over the next five years. That is between \$13 million and \$18 million more than any neighboring states would impose.

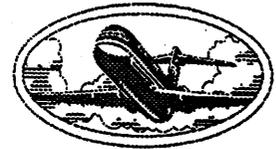


Excess property and corporate income taxes associated with expansion in Wisconsin range from a low of \$14 million to a high of \$23 million over the next five years.

This graph depicts projected property and corporate income taxes to be paid by Midwest Express in Wisconsin as compared to neighboring states. The taxes are based on projected aircraft acquisitions of \$966 million (gross) in years 1999-2005.

News Release

WISCONSIN  STATE JOURNAL



MIDWEST EXPRESS
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3-5-2000

OUR OPINION

Give Midwest Airlines a break

The most interesting economic development debate in the Wisconsin Legislature these days is the Green Bay Packers' plea for public money to help rebuild Lambeau Field. With all due respect to the Packers, it's not the most important development issue on the Legislature's agenda.

Far more vital to the future of Wisconsin's economy is the request by Midwest Express Airlines to get a \$1.7 million tax break so the airline can expand its flights and service across Wisconsin.

The Legislature's Joint Finance Committee voted, 11-5, last week to recommend lifting a \$1.7 million per year personal property tax for the Milwaukee-based airline. Wisconsin taxes are twice as high as those in any surrounding state, and nearly three times higher than taxes in other states (Missouri and Nebraska) where Midwest Express operates "hub" bases.

Midwest Express would like to double the size of its 52-plane fleet over the next five to seven years, with a corresponding expansion of service. It is not a question of *whether* the airline will expand, but *where*.

The personal property tax exemption sought by Midwest Express would be more than made up with new jobs — and the higher income taxes that come with those jobs — as well as increased landing and facility fees that would be generated as Midwest Express grows.

That growth should take place in Wisconsin. But it could happen in Omaha, Neb., Kansas City, Mo., or some other city with the foresight to seize the opportunity.

Airports with good airline service generate economic activity. As Wisconsin tries to attract the high-tech firms of the future, the quality of commercial air service in Wisconsin will be an important draw.

Granting Midwest Express a break from Wisconsin's uncompetitive property tax would produce jobs.

Wisconsin's neighbors recognize that. Iowa, Michigan and Illinois exempt aircraft from taxes and Iowa and Minnesota exempt ground equipment. Competitors to Midwest Express get those breaks, but Midwest Express does not because of Wisconsin's antiquated system of taxing airlines.

Those who oppose giving Midwest Express a break say they're worried about how it will affect small airports. The personal property tax money generated by Midwest Express goes into a state aeronautics fund that aids all airports, commercial and general aviation.

That \$60 million fund includes about two-thirds federal money and only 14 percent from airline personal property taxes. The Midwest Express share of that 14 percent is about 3 percentage points. Further, only 19 percent of the fund's expenditures go to general aviation airports — and only then if they apply for money to finance renovation or expansion projects. None of that cash finances day-to-day operations.

To ease the burden for small airports, the bill includes a one-year "hold harmless" clause that gives the state Department of Transportation time to figure out a better system.

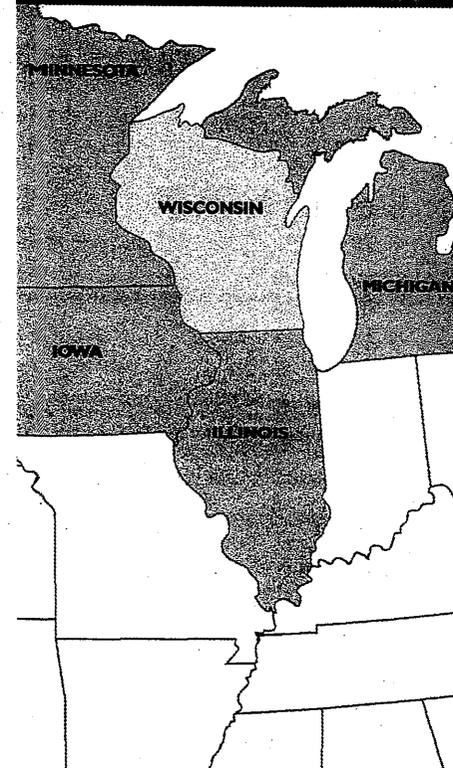
Airplanes and hangers aren't as crowd-pleasing as pro football's most hallowed football stadium, but they're more important to the state economy. Unlike the Packers, Midwest Express can fly away.

Thoughtful tax policies have proven to be among the most successful tools available to states for encouraging economic growth.

- Each of Wisconsin's neighboring states, and other states across the country with major airline activity, have enacted tax provisions to encourage the location and expansion of airlines because of the tremendous positive impact those airlines have on the economies of the states and their municipalities.
- States with significant national airline activity have tax provisions designed to encourage those airlines to expand their operations in their states. These airlines are in direct competition with Midwest Express.
- For example, Iowa, Michigan and Illinois exempt aircraft and Illinois, Iowa and Minnesota exempt ground equipment from property taxes. Other tax considerations include shorter depreciable lives for aircraft.
- Even in Wisconsin, tax laws recognize the value of exempting business equipment from taxes to promote economic development. Computers, treatment plant and pollution abatement equipment and manufacturing equipment are exempt from personal property taxes in Wisconsin. After the exemption was made in the 1970's, significant development occurred within the state.

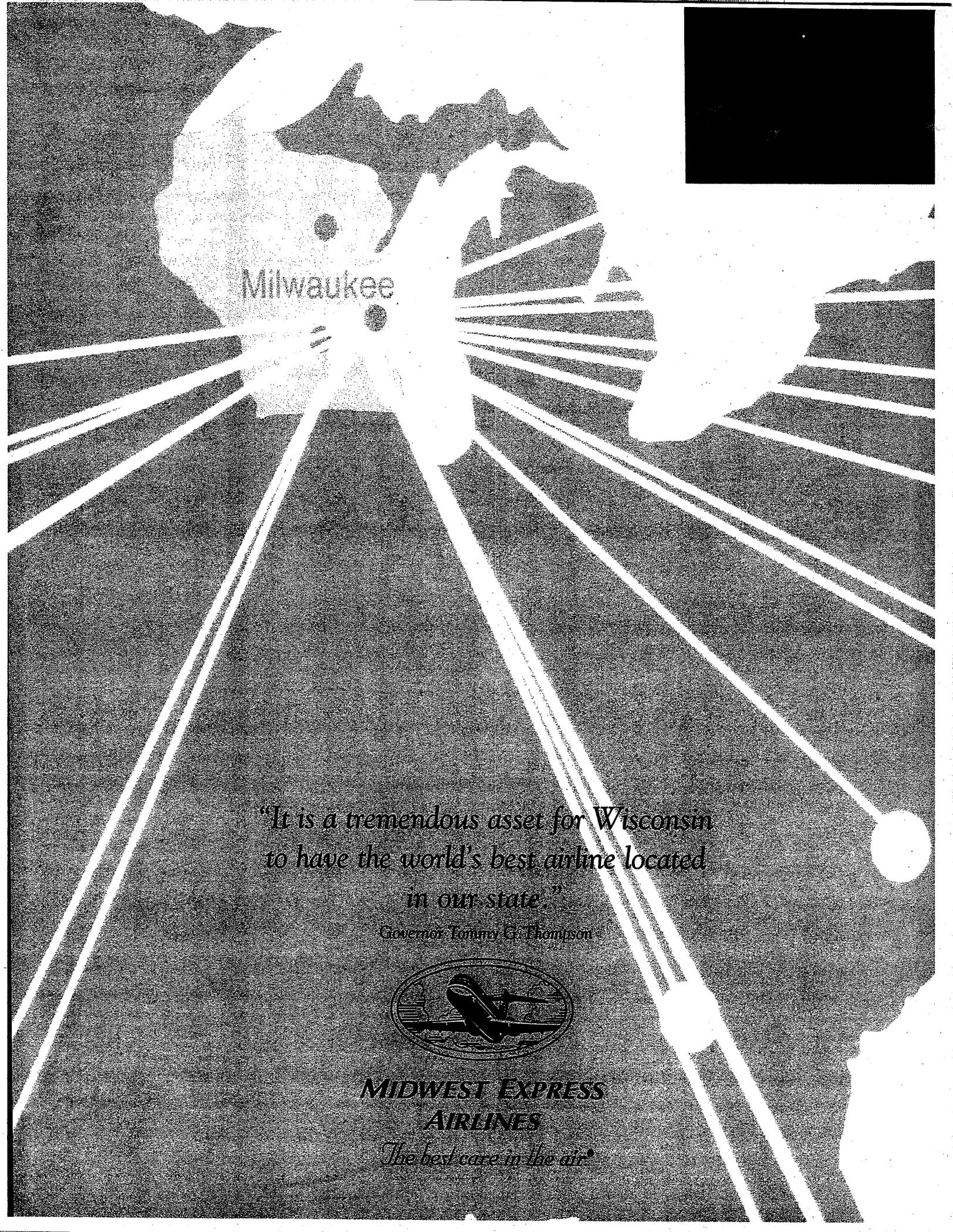
Midwest Express is supporting tax reform that will help produce a level playing field.

- Exempting Midwest Express from the personal property tax would encourage the Company to make the investments necessary to expand its services, its employment base and the benefits it brings to Wisconsin while remaining competitive in the airline industry.
- The exemption the Company is supporting would be more than made up in income taxes, jobs and other direct and indirect benefits, including new landing fees and property and facilities fees that Midwest Express will generate as it grows.
- Midwest Express has demonstrated a solid commitment to Wisconsin and its communities. The Company has supported hundreds of community organizations including: the Marcus Center for the Performing Arts' Rainbow Summer, Midwest Athletes Against Childhood Cancer (MAACC) Fund, American Heart Association, Make-a-Wish, Next Door Foundation, Project Equality and Milwaukee Art Museum.



Wisconsin's neighbors have enacted tax provisions to encourage economic growth and airline expansion. The airlines in these neighboring states are in direct competition with Midwest Express

- *States bordering Wisconsin that provide tax exemptions for aircraft include Iowa, Michigan and Illinois.*
- *Ground equipment is exempt from property taxes in Illinois, Iowa and Minnesota.*



Milwaukee

*"It is a tremendous asset for Wisconsin
to have the world's best airline located
in our state."*

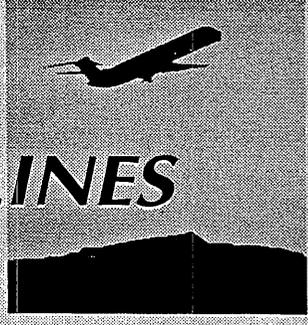
Governor Tommy G. Thompson



**MIDWEST EXPRESS
AIRLINES**

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MIDWEST EXPRESS AIRLINES



Editorial opinion supports
preserving a partnership that
works for Wisconsin and
Midwest Express

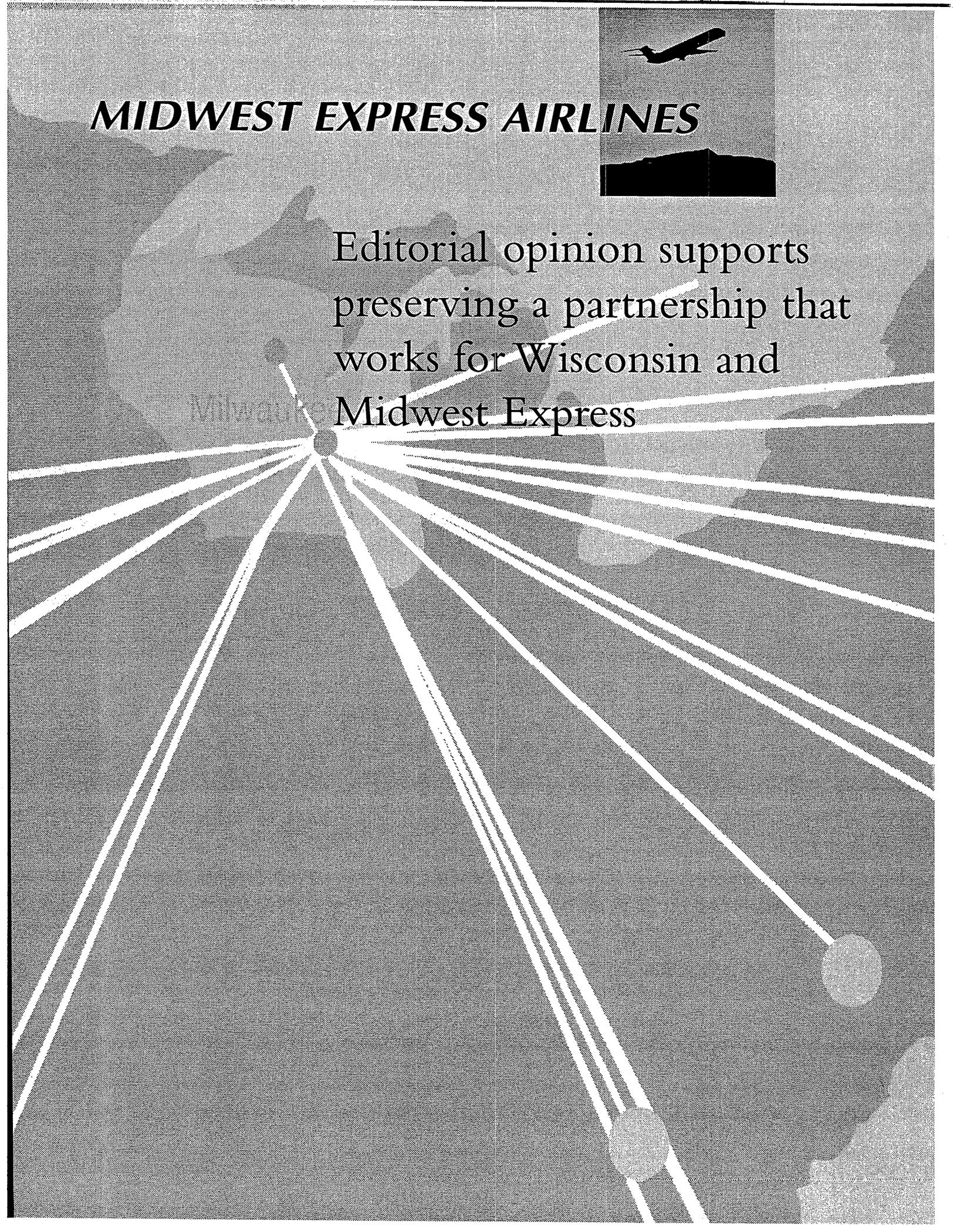


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AIRLINES**

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4	3/4/2000	Eau Claire Leader-Telegram	Exemption would help airline grow
5	2/29/2000	WISC-TV 3	Keeping the best care in the air
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3-19-2000



**MIDWEST EXPRESS
AIRLINES**

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Airline a worthy beneficiary

Congressional approval recently of a \$40 billion bill to sharply increase federal spending for aviation is welcome news for airports around the country, including those in Wisconsin. It's also good news for Midwest Express airline, one of the state's fastest-growing employers and the major carrier at Mitchell International Airport.

By providing additional federal capital funds for airports, the bill helps answer one of the principal objections raised last fall to giving a justifiable state tax break to Midwest Express. Opponents feared that the \$1.7 million annual tax break to the airline, based in Oak Creek, would come at the expense of smaller airports in the state, which needed public money for capital improvements.

The federal bill effectively grounds those objections by providing \$26.5 million in funds for projects at 14 airports in Wisconsin.

Gov. Tommy Thompson had put \$2.4 million in his biennial budget last year for the Midwest Express tax break, correctly arguing that it was needed to help the airline compete.

Midwest Express had

requested the tax break to offset property taxes on airplanes and equipment. Because those items are tax-exempt in other states, airlines that compete with Midwest Express end up with an unfair advantage.

Correcting that inequity is good not only for Midwest Express, but also for Wisconsin. With 3,000 total employees, 80% of whom are in Wisconsin, Midwest Express has a major economic impact in this state, one that promises to become even more pronounced. Airline officials expect to add more than 1,200 jobs in Wisconsin within the next five years.

Supporters of the tax break have gone one step farther by agreeing that future funds for this item won't come at the expense of smaller airports.

The matter is now before lawmakers in Madison, many of whom have shown a disturbing tendency in the past to let politics and partisanship get in the way of worthwhile legislation. Let's hope that won't be the case on this flight.

Competitive edge:
Midwest Express had
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