

Fiscal Estimate — 2001 Session

- Original Updated
 Corrected Supplemental

LRB Number 1183/1	Amendment Number if Applicable
Bill Number AB101	Administrative Rule Number

Subject
See Attached

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. <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 |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> 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 Chapter 20 Appropriations
See Attached

Assumptions Used in Arriving at Fiscal Estimate

- Based on the definitions of a "hub facility" and an "air carrier company" in Section 9 of the draft and without benefit of the rules to be defined by DOR, Air Wisconsin would qualify for exemption from the ad valorem property tax under the second definition of "hub facility" and Midwest Express would qualify for the ad valorem property tax exemption under the first definition of "hub facility". The fact that Midwest Express would not be required to have a headquarters in this state under that definition does not change the assumption that both companies would qualify for the exemption.
- Assumes only Air Wisconsin and Midwest Express will be exempted from the ad valorem property tax and the remainder of the tax will continue to be valid and collected.
- Loss of ad valorem property tax revenue of \$2.5 million is based on CY2000 air carrier property tax assessments.
- Air carrier companies exempted from the ad valorem property tax under this draft would have no State aviation related fee or tax responsibilities.
- Beginning July 1, 2003, funding for the State's aeronautics assistance program will be limited to aviation related revenues, including the sales and use tax on non-commercial aircraft, with limited funding from the general and transportation funds (\$650,000 maximum from each) should aviation revenues not reach the stated threshold of \$11,800,000. Analysis assumes that this funding threshold will always be met.
- Assumes no impact on the level or mechanism of State aeronautics funding until FY04 due to the "hold-harmless" clause in Section 14.
- Does not make any assumptions as to the outcome of the Airport Financing Committee.
- Non-commercial sales and use tax revenue for 2000 is estimated at \$3.9-4.4 million. For the purposes of the fiscal estimate, \$4.1 million is used. Note that this provision, Section 8 of the bill, is a transfer of revenues from GPR to the transportation fund and, by itself, has no net effect on overall State revenues.

Long-Range Fiscal Implications

See attached.

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Fiscal Estimate Worksheet — 2001 Session
 Detailed Estimate of Annual Fiscal Effect

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

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$	\$ -
(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			
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ - 4,100,000
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S		4,100,000	- 2,500,000
Total State Revenues		\$ 4,100,000	\$ - 6,600,000

Net Annualized Fiscal Impact

	State	Local
Net Change in Costs	\$ _____	\$ _____
Net Change in Revenues	\$ - 2,500,000	\$ _____

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Subject

Property tax exemption for certain air carriers, transfer of sales and use tax on non-commercial aircraft to the transportation fund for the purpose of funding the State's aeronautics assistance programs, limit funding for aeronautics assistance programs to aviation related revenues plus limited general and transportation fund supplements if revenue threshold is not met, provides for an Airport Financing Committee appointed by the Governor to study aviation funding in the State and to report those findings to the Governor and State Legislature by December 31, 2001.

Affected Chapter 20 Appropriations

20.395 (2)(dc), (dq), (dr), (dt), (4)(aq), (9)(rd), (td)

Long-Range Fiscal Implications

The long-range fiscal implications and net annualized fiscal impact of the bill are difficult to determine for the following reasons:

- The bill adds revenues collected from the sales and use tax on non-commercial aircraft sales to the transportation fund. Aircraft sales are highly cyclical and dependent on a strong economy. Therefore, providing an accurate long-range estimate of aircraft sales and use tax is not possible.
- Given the cyclical and economy dependent nature of aircraft sales, the restriction of State aeronautics program funding to aviation revenues, and the limited amount of general and transportation fund dollars available to cover shortfalls below the stated \$11.8 million threshold, it is possible the amounts available for State aeronautics assistance programs may fall below the \$11.8 million threshold in any given year and the level of local assistance would decrease. In addition, since the \$11.8 million threshold is stated in nominal terms, the real dollar value of this threshold will decrease each year due to inflation.
- The long term impact, if any, of the recommendations of the proposed Governor's Airport Financing Committee may be significant and will not be known until after those recommendations are submitted and acted upon.