



2001 SENATE BILL 158

April 25, 2001 – Introduced by Senators PANZER, FARROW, DARLING, ROSENZWEIG, HUELSMAN, WELCH, A. LASEE, ROESSLER and S. FITZGERALD, cosponsored by Representative STONE. Referred to Joint survey committee on Tax Exemptions.

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) (dc), 20.395 (2) (dr),
3 20.395 (2) (dt), 25.40 (1) (cd), 70.11 (41) and 77.65 of the statutes; **relating to:**
4 a property tax exemption for an air carrier that operates from a hub facility,
5 creating an airport financing committee, granting rule-making authority, and
6 making appropriations.

Analysis by the Legislative Reference Bureau

This bill creates a property tax exemption for a hub facility operated by an air carrier. The bill defines “hub facility” as: a facility at an airport from 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 an airport or any combination of airports in this state 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 are in this state. The bill defines “air carrier” as any person engaged in the business of transportation in aircraft of persons or property for hire on regularly scheduled flights.

Under current law, revenues derived from aeronautics activities in this state, including moneys received from taxes on air carrier companies, from aircraft registration fees, and from general aviation fuel taxes, are deposited in the

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segregated transportation fund. Aeronautics activities are funded from a sum certain appropriation in the segregated transportation fund.

Beginning on July 1, 2003, this bill directs all revenues derived from aeronautics activities that are currently deposited in the transportation fund to a new appropriation. Aeronautics activities are funded from these receipts, instead of from a sum certain appropriation. However, if the amounts received for aeronautics activities under the new appropriation are less than \$11,800,000, the aeronautics activities may be funded with equal amounts from the general fund and the transportation fund not exceeding \$650,000 from each fund.

Finally, the bill creates an airport financing committee consisting of members appointed by the governor. The bill requires the committee to review and evaluate this state's airport system needs and the current system of funding those needs and to recommend changes, if any, to better meet those needs. The bill requires the committee to submit a report not later than December 31, 2001, to the legislature and to the governor containing the committee's evaluation, findings, and recommendations. The committee's recommendations, if any, should, if enacted, generate revenue in amounts equal to or greater than the sum of moneys appropriated for aeronautical activities in fiscal year 2001.

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:

1 **SECTION 1.** 20.395 (2) (dc) of the statutes is created to read:
2 20.395 (2) (dc) *Aeronautical activities matching supplement, state funds.* From
3 the general fund, a sum sufficient in each fiscal year equal to one-half of the
4 difference between \$11,800,000 and the amounts received under par. (dr) during the
5 preceding fiscal year, or equal to \$650,000, whichever is less, for the purposes of the
6 state's share of airport projects under ss. 114.34 and 114.35; for developing air
7 marking and other air navigational facilities; for administration of the powers and
8 duties of the secretary of transportation under s. 114.31; for costs associated with
9 aeronautical activities under s. 114.31, except for the program under s. 114.31 (3) (b);
10 and for the administration of other aeronautical activities, except aircraft

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1 registration under s. 114.20, authorized by law. No moneys may be encumbered from
2 this appropriation for any fiscal year in excess of the amounts encumbered from the
3 appropriation under par. (dt) for that fiscal year. No moneys may be encumbered
4 from this appropriation for any fiscal year if the amounts received under par. (dr)
5 during the previous fiscal year are equal to or greater than \$11,800,000.

6 **SECTION 2.** 20.395 (2) (dq) of the statutes is repealed.

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

8 20.395 (2) (dr) *Aeronautical activities, state funds.* All moneys received from
9 taxes on air carrier companies under ch. 76, from aircraft registration fees under s.
10 114.20, from general aviation fuel taxes under subch. III of ch. 78, from sales and use
11 taxes on noncommercial aircraft as determined under s. 77.65 and from any other
12 tax or fee received from an aeronautical activity and deposited in the transportation
13 fund, except moneys appropriated under pars. (dv) and (dx) and sub. (4) (es), and all
14 moneys transferred under 2001 Wisconsin Act ... (this act), section 14 (1), for the
15 purposes of the state's share of airport projects under ss. 114.34 and 114.35; for
16 developing air marking and other air navigational facilities; for administration of the
17 powers and duties of the secretary of transportation under s. 114.31; for costs
18 associated with aeronautical activities under s. 114.31, except for the program under
19 s. 114.31 (3) (b); and for the administration of other aeronautical activities, except
20 aircraft registration under s. 114.20, authorized by law.

21 **SECTION 4.** 20.395 (2) (dt) of the statutes is created to read:

22 20.395 (2) (dt) *Aeronautical activities supplement, state funds.* A sum sufficient
23 in each fiscal year equal to one-half of the difference between \$11,800,000 and the
24 amounts received under par. (dr) during the preceding fiscal year, or equal to
25 \$650,000, whichever is less, for the purposes of the state's share of airport projects

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1 under ss. 114.34 and 114.35; for developing air marking and other air navigational
2 facilities; for administration of the powers and duties of the secretary of
3 transportation under s. 114.31; for costs associated with aeronautical activities
4 under s. 114.31, except for the program under s. 114.31 (3) (b); and for the
5 administration of other aeronautical activities, except aircraft registration under s.
6 114.20, authorized by law. No moneys may be encumbered from this appropriation
7 for any fiscal year in excess of the amounts encumbered from the appropriation
8 under par. (dc) for that fiscal year. No moneys may be encumbered from this
9 appropriation for any fiscal year if the amounts received under par. (dr) during the
10 previous fiscal year are equal to or greater than \$11,800,000.

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

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

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

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1 20.395 (9) (rd) *Airport construction major cost carry-over.* When an airport
2 development project is approved by the governor under s. 114.33 (3), the moneys
3 allocated for the project from sub. (2) ~~(dq)~~ (dc), (dr), and (dt) shall be considered
4 encumbered and carried-over to subsequent years to meet the state's share of the
5 project.

6 **SECTION 7.** 20.395 (9) (td) of the statutes is amended to read:

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

12 **SECTION 8.** 25.40 (1) (cd) of the statutes is created to read:

13 25.40 (1) (cd) Taxes on the sale and use of noncommercial aircraft under ch. 77
14 as determined under s. 77.65.

15 **SECTION 9.** 70.11 (41) of the statutes is created to read:

16 70.11 (41) HUB 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 facility" means any of the following:

21 a. A facility at an airport from which an air carrier company operated at least
22 45 common carrier departing flights each weekday in the prior year and from which
23 it transported passengers to at least 15 nonstop destinations, as defined by rule by
24 the department of revenue, or transported cargo to nonstop destinations, as defined
25 by rule by the department of revenue.

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

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

7 **SECTION 10.** 76.02 (1) of the statutes is amended to read:

8 76.02 (1) "Air carrier company" means any person engaged in the business of
9 transportation in aircraft of persons or property for hire on regularly scheduled
10 flights, except an air carrier company whose property is exempt from taxation under
11 s. 70.11 (41) (b). In this subsection, "aircraft" means a completely equipped operating
12 unit, including spare flight equipment, used as a means of conveyance in air
13 commerce.

14 **SECTION 11.** 77.65 of the statutes is created to read:

15 **77.65 Determination of sales and use tax receipts for aeronautical**
16 **activities.** By July 1, 2003, and every July 1 thereafter, the department shall
17 determine, and deposit in the transportation fund, the total amount of the sales tax
18 and use tax, as imposed under ss. 77.52 and 77.53, paid in the immediately preceding
19 calendar year on the sale and use of noncommercial aircraft.

20 **SECTION 12.** 78.55 (1) of the statutes is amended to read:

21 78.55 (1) "Air carrier company" has the meaning given in s. ~~76.02 (1)~~ 70.11 (41)
22 (a) 1.

23 **SECTION 13. Nonstatutory provisions.**

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

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1 appoint members representing the department of transportation, the department of
2 commerce, airport managers, airlines serving this state, the general aviation
3 community, the people of this state, and private businesses having an interest in
4 transportation policy and financing. The committee shall review and evaluate this
5 state's airport system needs and the current system of funding those needs and shall
6 recommend changes, if any, to better meet those needs. The committee shall
7 evaluate, among other things: aircraft registration fees; aviation fuel taxes and fees;
8 allocation of sales tax receipts from the sale of aircraft, parts, and services to the
9 appropriation account under section 20.395 (2) (dr) of the statutes, as created by this
10 act, and allocation of other moneys to that appropriation account. The committee's
11 recommendations, if any, should, if enacted, generate revenue in amounts equal to
12 or greater than the sum of moneys appropriated for aeronautical activities in fiscal
13 year 2001. Not later than December 31, 2001, the committee shall submit a report
14 containing the committee's evaluation, findings, and recommendations to the
15 governor, and to the legislature in the manner provided under section 13.172 (2) of
16 the statutes.

17 **SECTION 14. Appropriation changes.**

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

22 **SECTION 15. Initial applicability.**

23 (1) HUB FACILITY. The treatment of sections 70.11 (41), 76.02 (1), and 78.55 (1)
24 of the statutes first applies to the property tax assessments as of January 1, 2001.

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1 (2) REVENUES RECEIVED FROM AD VALOREM TAX ON AIR CARRIERS. The treatment of
2 section 20.395 (2) (dr) of the statutes first applies to moneys received from taxes and
3 fees on July 1, 2003.

4 **SECTION 16. Effective dates.** This act takes effect on the day after publication,
5 except as follows:

6 (1) The treatment of section 20.395 (2) (dc), (dq), (dr), and (dt), (4) (aq), and (9)
7 (rd) and (td) of the statutes and SECTION 14 (1) of this act take effect on July 1, 2003.

8 **(END)**