

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # 99-4817/1**

**INTRODUCTION # AB 941**

**Admin. Rule #**

**Subject**

Financial Assistance for Air Carriers that Operate from 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 (1) an 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, or (2) an airport or combination of airports in the state from which the air carrier company operates at least 20 departing flights each weekday, if the air carrier is headquartered in Wisconsin.

(continued on page two)

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Ron Rosner, (608) 266-0938 John Stott, (608) 266-9706	Yeang-Eng Braun  (608) 266-2700	3/27/00

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

Air Wisconsin Airlines (AWA) and Midwest Express 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 FY1999. 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.

UTB 3/27/00

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

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

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ see text _____	\$ _____

Agency/Prepared by: (Name & Phone No.)

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Date

3/27/00