

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-4427/2</b>	<b>Introduction Number</b> <b>SB-533</b>
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<b>Subject</b> Incentive payments to hub airlines
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<b>Fiscal Effect</b>																													
<p><b>State:</b></p> <table style="width:100%;"> <tr> <td><input type="checkbox"/> No State Fiscal Effect</td> <td><input type="checkbox"/> Increase Existing Revenues</td> <td rowspan="2"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes      <input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td><input type="checkbox"/> Decrease Existing Revenues</td> </tr> <tr> <td><input type="checkbox"/> Increase Existing Appropriations</td> <td></td> <td><input type="checkbox"/> Decrease Costs</td> </tr> <tr> <td><input type="checkbox"/> Decrease Existing Appropriations</td> <td></td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Create New Appropriations</td> <td></td> <td></td> </tr> </table> <p><b>Local:</b></p> <table style="width:100%;"> <tr> <td><input type="checkbox"/> No Local Government Costs</td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td></td> <td></td> </tr> <tr> <td>1. <input type="checkbox"/> Increase Costs</td> <td>3. <input type="checkbox"/> Increase Revenue</td> <td rowspan="6">5. Types of Local Government Units Affected  <input type="checkbox"/> Towns      <input type="checkbox"/> Village      <input type="checkbox"/> Cities  <input type="checkbox"/> Counties      <input type="checkbox"/> Others  <input type="checkbox"/> School Districts      <input type="checkbox"/> WTCS Districts</td> </tr> <tr> <td>  <input type="checkbox"/> Permissive    <input type="checkbox"/> Mandatory</td> <td>  <input type="checkbox"/> Permissive    <input type="checkbox"/> Mandatory</td> </tr> <tr> <td>2. <input type="checkbox"/> Decrease Costs</td> <td>4. <input type="checkbox"/> Decrease Revenue</td> </tr> <tr> <td>  <input type="checkbox"/> Permissive    <input type="checkbox"/> Mandatory</td> <td>  <input type="checkbox"/> Permissive    <input type="checkbox"/> Mandatory</td> </tr> </table>	<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs	<input type="checkbox"/> Decrease Existing Appropriations			<input checked="" type="checkbox"/> Create New Appropriations			<input type="checkbox"/> No Local Government Costs			<input type="checkbox"/> Indeterminate			1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOT/ Jim Donlin (608) 266-9546	<b>Authorized Signature</b> Carol Buckmaster (608) 267-6979	<b>Date</b> 3/11/2004
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## Fiscal Estimate Narratives

DOT 3/11/2004

LRB Number	<b>03-4427/2</b>	Introduction Number	<b>SB-533</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Incentive payments to hub airlines					

### Assumptions Used in Arriving at Fiscal Estimate

1. Transfer of \$8,325,000 from the Transportation Fund to the General Fund will occur in Fiscal Year 2006 (based on the Effective Date) and will be a one time transfer.
2. Funding for aeronautical activities incentive payments above the amount of the Transportation Fund transfer will be funded from the General Fund and the amount will be sum sufficient.
3. Aeronautical activities incentive payments based on revenue passenger enplanements for 2003 as reported by the managers of Wisconsin's eight commercial service air carrier airports.
4. As currently defined, three airlines would qualify as hub airlines or subsidiaries and qualify for the aeronautical activities incentive payments - Midwest, Skyways Midwest Connect, and Air Wisconsin United Express.
5. Annualized cost based on 10-year average of estimated aeronautical activities incentive payments calculated on reported 2003 enplanements and the per passenger subsidies outlined in the bill. (See attachment).

### Long-Range Fiscal Implications

Annualized increase in costs of \$6,200,000

2003 ENPLANEMENTS BY AIR CARRIER

Prepared by: Jim Donlin, Wisconsin Department of Transportation, Office of Policy and Budget  
09-Mar-04

2003 ENPLANEMENTS BY AIR CARRIER

2003 SCHEDULED AIR CARRIER ENPLANEMENTS										
	MIKE	MSN	GRB	ATW	CWA	LSE	RHI	EAU	STATE	TOTALS
NORTHWEST	584,090	277,881	221,445	86,482	107,650	49,326	25,756	20,696		1,132,742
MESABA NW AIRLINK		32,118				26,545				299,247
EXPRESS ONE NW AIRLINK		32,327								32,327
MIDWEST AIRLINES	793,261	16,158		15,673						825,092
SKYWAYS MIDWEST CON	322,220	13,665	14,992	13,663	11,226	6,663	6,516			388,945
AIR WIS UNITED EXPRESS	212,767	200,212	58,467	97,216	38,502					607,164
AMERICAN EAGLE	105,707	85,900	56,430			28,499				276,536
COMAIR DELTA CON	32,869	22,884	37,193	48,913						141,859
<b>AIRPORT TOTALS</b>	<b>2,050,914</b>	<b>681,145</b>	<b>388,527</b>	<b>261,947</b>	<b>157,378</b>	<b>111,033</b>	<b>32,272</b>	<b>20,696</b>		<b>3,703,912</b>

Estimated Subsidies

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Midwest/Skyways Midwest	2,063,863	2,306,670	3,035,093	3,642,111	4,127,726	4,491,937	4,856,148	5,098,955	5,220,359
Air Wisconsin United Express	2,185,790	2,185,790	2,185,790	2,185,790	2,185,790	2,185,790	2,185,790	2,185,790	2,185,790
<b>Total</b>	<b>4,249,653</b>	<b>4,492,461</b>	<b>5,220,883</b>	<b>5,827,901</b>	<b>6,313,516</b>	<b>6,677,727</b>	<b>7,041,938</b>	<b>7,284,746</b>	<b>7,406,150</b>

	2012	Total
Midwest/Skyways Midwest	5,341,763	40,184,625
Air Wisconsin United Express	2,185,790	21,857,904
<b>Total</b>	<b>7,527,553</b>	<b>62,042,529</b>
Average		6,204,253

Totals include revenue and nonrevenue passengers enplaned.

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 03-4427/2		<b>Introduction Number</b> SB-533	
<b>Subject</b>			
Incentive payments to hub airlines			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$8,325,000 reduction in Transportation Fund in Fiscal Year 2006			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations	6,200,000	
	<b>TOTAL State Costs by Category</b>	<b>\$6,200,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	6,200,000	
	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>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$6,200,000	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOT/ Jim Donlin (608) 266-9546		Carol Buckmaster (608) 267-6979	3/11/2004