

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1370-01
Bill No.: HB 571
Subject: Aircraft and Airports; State Tax Commission; Taxation and Revenue - Property
Type: Original
Date: March 28, 2007

Bill Summary: Would change the definition of commercial aircraft.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Blind Pension	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Administrative Hearing Commission, the Department of Revenue, and the Department of Transportation** assume this proposal would have no fiscal impact on their organizations.

Officials from the **State Tax Commission (TAX)** stated that this proposal could increase the workload of the TAX Original Assessment Unit by moving the assessment of some aircraft from the local political subdivision to the state level. The amount of workload increase is unknown because TAX does not have any information available on how many owners of commercial aircraft would elect to have their airplanes state-assessed.

Currently aircraft whose maximum certified gross take-off weight is less than seven thousand pounds and is fully equipped for flight is locally assessed. The locally assessed valuation is based on 33 1/3% of the wholesale value of the aircraft. The proposal would allow the aircraft owner to elect to have his aircraft state-assessed which would allocate property taxes based on miles flown in the state of Missouri. If the aircraft flies 50% of their miles outside the state of Missouri, their property taxes could be reduced to one-half of what they currently pay.

TAX assumes there could be as many as 2600 locally assessed airplanes; however, TAX does not have any information available to estimate the assessed value of these airplanes or how much local revenue may be lost.

Officials from the **Office of the Cole County Assessor (Assessor)** stated there are currently 32 aircraft reported on Cole County personal property tax declarations, and assumes most of the aircraft are located at the Jefferson City Airport in Callaway County. The Assessor stated that 22 of these aircraft could be classified as commercial aircraft if the proposal was enacted. The Assessor assumes there would be an unknown loss of revenue to local taxing authorities since the aircraft would presumably be assessed on flight miles and that many of those flight miles would be outside the state.

Oversight assumes this proposal would cause an unknown loss of property tax revenues to local governments and to the Blind Pension Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
BLIND PENSION FUND			
<u>Revenue reduction - property taxes</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
LOCAL GOVERNMENTS			
<u>Revenue reduction - property taxes</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Small Business</u>			

This proposal could have a fiscal impact to small businesses which own or operate light aircraft.

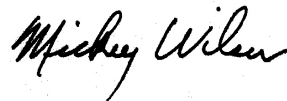
FISCAL DESCRIPTION

The proposed legislation would change the assessment of light aircraft.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Administrative Hearing Commission
Department of Revenue
State Tax Commission
Department of Transportation
Office of the Cole County Assessor

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 28, 2007