

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4175-01
Bill No.: HB 2221
Subject: Aircraft and Airports; Revenue Dept.; Taxation and Revenue - Property
Type: Original
Date: March 5, 2008

Bill Summary: Would change the definition of "commercial aircraft" by lowering the maximum certified gross take-off weight from 7,000 to 1,000 pounds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to their organization. BAP officials also assume the proposal would have no fiscal impact on total state revenue.

Officials from the **Department of Elementary and Secondary Education** deferred to the State Tax Commission for an estimate of the fiscal impact of the proposal.

Officials from the **Department of Revenue, Linn State Technical College, the Metropolitan Community Colleges, the City of Centralia, and the City of West Plains** assume this proposal would have no fiscal impact on their organizations.

Officials from **Clinton County** assumed this proposal would increase revenues to their organization.

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 2,600 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.

ASSUMPTION (continued)

Oversight assumes this proposal would cause an unknown loss of property tax revenues to local governments and to the Blind Pension Fund. Oversight assumes the State Tax Commission could absorb the additional workload with existing resources; if unanticipated costs are incurred or if multiple proposals are enacted which increase the State Tax Commission workload, resources could be requested through the budget process.

Officials from the **Department of Transportation** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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 2009 (10 Mo.)	FY 2010	FY 2011
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>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to a small business which own or operates light aircraft.

FISCAL DESCRIPTION

This proposal would change the definition of "commercial aircraft" by lowering the maximum certified gross take-off weight from 7,000 to 1,000 pounds.

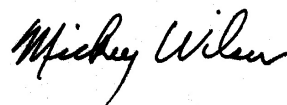
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
Linn State Technical College
Metropolitan Community colleges
Clinton County
City of Centralia
City of West Plains

NOT RESPONDING

Department of Transportation



Mickey Wilson, CPA
Director
March 5, 2008