

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4231-01
Bill No.: HB 1639
Subject: Aircraft and Airports; Revenue Department; Taxation and Revenue - Sales and Use
Type: Original
Date: February 15, 2008

Bill Summary: This proposal changes the laws regarding the Aviation Trust Fund and air traffic control towers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Aviation Trust Fund	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Division of Budget and Planning (BAP)** assume the proposed legislation should not result in additional costs or savings to BAP. This proposal seeks to eliminate the \$6 million cap on the amount of revenue that can be deposited into the Aviation Trust Fund. Currently, any revenue above the \$6 million cap on the fund is deposited into the General Revenue Fund (GR). Total Aviation Trust Fund (ATF) revenue collections for fiscal year 2005 through fiscal year 2007 are listed in the chart below:

FY 2005	\$9.2 million
FY 2006	\$6.0 million
FY 2007	\$7.5 million

Assuming revenue collections again reach the fiscal year 2005 level listed above; eliminating the cap could result in up to \$3.2 million less being available to deposit into general revenue annually. This proposal essentially seeks to move money currently being deposited into the General Revenue fund to the Aviation Trust Fund. Both of these funds were originally established and currently reside within the State Treasury, so any movement between these funds will not impact total state revenue or the provisions of 18(e).

Officials at the **Missouri Department of Transportation** assume that with an effective date of January 1, 2009 and based on historic receipts of jet fuel sales tax receipts and growth rates from the US Department of Energy and some carriers requesting refunds of overpayments that the Aviation Fund would have an increase of \$1,669,524 in FY 2009, \$1,917,913 in FY 2010, \$1,846,868 in FY 2011.

Officials at the **Office of the State Treasurer** and the **Department of Revenue** assume that there is no fiscal impact from this proposal.

Oversight assumes this proposal is removing the cap in the aviation trust fund. General Revenue could lose any money collected over the preexisting cap while the Aviation Trust Fund could retain all the additional funds. For the purposes of this note the loss to General Revenue and the gain to the Aviation Trust Fund is shown as "unknown expected to exceed \$100,000" based on the past collections over the preexisting cap in the fund.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Loss - General Revenue</u>			
Aviation jet fuel tax	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
AVIATION TRUST FUND			
<u>Revenue - Department of Transportation</u>			
Aviation jet fuel tax	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000	Unknown expected to exceed \$100,000
ESTIMATED NET EFFECT ON AVIATION TRUST FUND	<u>Unknown expected to exceed \$100,000</u>	<u>Unknown expected to exceed \$100,000</u>	<u>Unknown expected to exceed \$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Having an adequate local airport is an important part of a community's economic development package used to attract and retain business and industry.

JH:LR:OD (12/07)

FISCAL DESCRIPTION

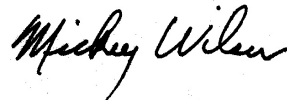
This bill removes the \$6 million cap on the Aviation Trust Fund and specifies that if \$6 million is deposited into the fund in the previous calendar year, \$2 million may be expended annually to study or promote expanded or intrastate scheduled commercial service or to assist airport sponsors participating in a federally funded air service program supporting intrastate scheduled commercial service.

The bill also allows up to \$500,000 in the fund to be used annually to meet the local match requirement under a federal cost-sharing program for air traffic control towers. Any expenditure under this program will require a non-federal match, with a ratio of 50% state and 50% local funds. Expenditures on any individual control tower will be capped at \$100,000 per year.

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

Missouri Department of Transportation
Office of the State Treasurer
Budget and Planning
Department of Revenue



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Director
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