

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5374-01
Bill No.: HB 1806
Subject: Taxation and Revenue - Property, Aircraft and Airports, Taxation and Revenue - General
Type: Original
Date: January 26, 2018

Bill Summary: This proposal changes the laws regarding property assessments of certain airports.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---------------------------------------------------------------|------------|------------------|------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Blind Pension Fund | \$0 | (Unknown) | (Unknown) |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | (Unknown) | (Unknown) |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---------------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|-----------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--------------------------------------------|----------------|------------------|------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning** assume this bill clarifies when reliever airports can be classified for agricultural or horticultural use. If these changes lower property tax receipts, the state's Blind Pension Fund revenues could decrease by an unknown amount.

Officials at the **State Tax Commission** assume an unknown fiscal impact. Currently "reliever" airports are assessed at the commercial rate of 32%, and this proposal would lower the assessed rate to 12%, which is the Agricultural rate and further limit to the productive use. The Agency would not have the data to determine how many such facilities would be impacted by this proposal, however the change to a lower rate of 12% would have an unknown fiscal impact on taxing jurisdictions such as cities, counties and school districts.

Oversight notes that this proposal would allow reliever airports to be taxed at the agricultural and horticultural property tax rate of 12% instead of their current 32% rate. According to the Federal Aviation Administration's National Plan for Integrated Airport Systems there are only five reliever airports in Missouri. They are:

Charles B Wheeler- Downtown Airport - Kansas City
Lees Summit Municipal Airport - Lees Summit
St. Charles County Smartt Field - St. Charles
Creve Coeur Airport - St. Louis
Spirit of St. Louis - St. Louis

Oversight notes that the counties where these airports are located may collect less property tax due to the change in assessment value or other taxed entities in the county may pay more in property taxes to make up for a reduction in assessment. Oversight will show an Unknown loss to the Counties as well as the Blind Pension Fund (which receives property tax income).

Oversight notes that this proposal would not be effective until August 28, 2018. Assessments are done in January of odd numbered years. Therefore, the new assessments would be used in January 2019. However, payment is not owed until December of 2019 (FY 2020). Oversight will show the impact starting in FY 2020.

Officials at the **Department of Agriculture, Department of Revenue and Missouri Department of Transportation** each assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials at the **Boone County** and **St. Louis County** each assume there is no fiscal impact from this proposal.

Officials at St. Charles County and Jackson County did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|--------------------------------------------------------------------------------|---------------------|-------------------------|-------------------------|
| BLIND PENSION FUND | | | |
| <u>Revenue Reduction</u> - changing reliever airports property assessment rate | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON THE BLIND PENSION FUND | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|--------------------------------------------------------------------------------|---------------------|-------------------------|-------------------------|
| LOCAL POLITICAL SUBDIVISION FUNDS | | | |
| <u>Revenue Reduction</u> - changing reliever airports property assessment rate | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS FUNDS | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION


This bill changes the property tax assessment value of reliever airports to equal the value such land has for agricultural or horticultural use and exempts reliever airports from the allocation of classifications when the property has multiple uses. A reliever airport is defined as any land and improvements, exclusive of structures, on privately owned airports that qualify under the National Plan of Integrated Airports Systems that may receive federal airport improvement project funds through the Federal Aviation Administration.

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

Boone County
Department of Agriculture
Department of Revenue
Missouri Department of Transportation
Office of Administration Division of Budget and Planning
State Tax Commission
St. Louis County

Ross Strope



Acting Director
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