

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2442-01
Bill No.: HB 1205
Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Aircraft and Airports
Type: Original
Date: April 23, 2019

Bill Summary: This proposal changes the laws regarding taxation of aircraft.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Blind Pension (0621)	\$0 to (\$200)	\$0 to (\$200)	\$0 to (\$200)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$200)	\$0 to (\$200)	\$0 to (\$200)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0 to (\$35,000)	\$0 to (\$35,000)	\$0 to (\$35,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal makes multiple technical corrections to Sections 137.115. This proposal also changes the allowed hours of flying for historical aircraft. This could increase the number of aircraft that are eligible for a reduced property tax rate. Based on information provided by the State Tax Commission, this could decrease revenues to the Blind Pension Trust Fund by \$0 to \$500. This could also decrease local revenues by \$0 to \$90,000.

This proposal will decrease Total State Revenue by up to \$500 and will impact the calculation under Article X, Section 18(e).

Officials at the **State Tax Commission** estimates the fiscal impact to local jurisdictions (school districts, cities, counties etc) to be a loss of zero to \$35,000. The change in §137.115 regarding non commercial aircraft, twenty five years old, from fifty (current law) to one hundred hours per year could have a fiscal impact on local taxing jurisdictions. The agency does not have exact data of how many of the 905 aircraft in Missouri are within this criteria and threshold, however in 2016 HB 2784 (which did not become law) changed the number of hours to two hundred and fifty, the agency calculated the fiscal impact of that change to be up to \$90,000 to local taxing jurisdictions.

Oversight will utilize the estimate (\$35,000) provided by the State Tax Commission, assuming the \$90,000 potential loss of tax revenue estimate was based on a prior year's bill increasing the flight hours to 250 instead of 100 as proposed in this bill. Oversight has adjusted the Blind Pension Fund impact to approximately \$200 (levy of \$0.03 of an average of approximately \$7.00 x \$35,000 = \$150).

Officials at the **Department of Economic Development, Public Service Commission** and the **Department of Revenue** each assume there is no fiscal impact from this proposal.

Officials at the **Clay County Assessor's Office** assume this would have little impact on the County.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
BLIND PENSION FUND			
<u>Revenue Reduction</u> - loss of property tax revenue from expansion of hours for taxation of aircraft	<u>\$0 to (\$200)</u>	<u>\$0 to (\$200)</u>	<u>\$0 to (\$200)</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>\$0 to (\$200)</u>	<u>\$0 to (\$200)</u>	<u>\$0 to (\$200)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Reduction</u> - Locals loss of property tax from expansion of hours for taxation of aircraft	<u>\$0 to (\$35,000)</u>	<u>\$0 to (\$35,000)</u>	<u>\$0 to (\$35,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to (\$35,000)</u>	<u>\$0 to (\$35,000)</u>	<u>\$0 to (\$35,000)</u>

FISCAL IMPACT - Small Business

May impact small businesses that operate a qualifying aircraft.

FISCAL DESCRIPTION

This bill increases the number of hours of operation per year a noncommercial aircraft at least 25 years old can fly from less than 50 hours to less than 100 hours to be assessed and valued at 5% of the aircraft's true value in money for property tax purposes.

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

Clay County Assessor
Department of Economic Development
Department of Revenue
Office of Administration Division of Budget and Planning
Public Service Commission
State Tax Commission



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April 23, 2019

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April 23, 2019