

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7053H.011
 Bill No.: HB 3249
 Subject: Taxation and Revenue - Sales and Use; Aircraft and Airports; Motor Fuel;
 Department of Revenue
 Type: Original
 Date: March 2, 2026

Bill Summary: This proposal extends the jet fuel sales tax exemption until 2043.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
General Revenue	\$0	\$0	\$0	(Unknown)*
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	(Unknown)*

*Oversight notes the above loss of revenue represents the revenues that would otherwise be collected under current law will not be realized. Oversight is unable to determine the actual fiscal impact; however it is assumed the fiscal impact could exceed (\$250,000).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
School District Trust Fund (1688)	\$0	\$0	\$0	(Unknown)*
Conservation Commission Fund (1609)	\$0	\$0	\$0	(Unknown)*
Parks and Soils State Sales Tax	\$0	\$0	\$0	(Unknown)*

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
Fund(s) (1613 & 1614)				
Aviation Trust Fund (1542)	\$0	\$0	\$0	More or less than \$6,106,148
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	Less than \$6,106,148

*Oversight notes the above loss of revenue represents the revenues that would otherwise be collected under current law will not be realized. Oversight is unable to determine the actual fiscal impact; however it is assumed the fiscal impact could exceed (\$250,000).

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
Total Estimated Net Effect on FTE	0	0	0	\$0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
Local Government	\$0	\$0	\$0	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§144.805 – Extension of the Sales Tax Exemption for Aviation Jet Fuel

Officials from the **Department of Revenue (DOR)** note this proposal would extend the sunset date on the aviation jet fuel tax in Section 144.805. This tax was to sunset on December 31, 2033, and is extended to December 31, 2043. The extension of the sunset date will not fiscally impact the Department.

For informational purposes, DOR is submitting the amount collected each of the last four years.

FY 2021	\$2,149,405
FY 2022	\$6,151,083
FY 2023	\$7,352,513
FY 2024	\$6,106,148

Officials from the **Office of Administration - Budget and Planning, City of O’Fallon**, and the **City of Kansas City** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this proposed legislation would extend an existing provision by removing or changing the expiration date. Oversight also assumes that removing or changing the expiration date would extend any fiscal impact associated with the existing provision. Therefore, Oversight will include an estimated impact in this fiscal note.

Oversight assumes under current law, the exemption(s) in §144.805 & §144.807 are set to expire December 31, 2033, after which aviation jet fuel would become taxable. Extending the exemption to December 31, 2043 will result in a negative fiscal impact beginning in FY 2034 to state and local funds. Oversight is unable to determine the actual fiscal impact, however it is assumed the fiscal impact could exceed (\$250,000).

Oversight notes the average sales tax collection on jet fuel by DOR between FY 2022 and FY 2024 was \$6,536,581 (2021 excluded as outlier due to COVID related travel implications).

Oversight will show a positive impact to the Aviation Trust Fund, as the fund would continue receiving the dedicated portion of the aviation jet fuel tax. Oversight assumes the impact could be greater or less than \$6,106,148 per DOR.

Officials from the **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organization.

§144.807 - Extension of the Sales Tax Exemption for Common Carriers in Interstate Air Transportation

Oversight assumes under current law, the exemption in §144.807 is set to expire December 31, 2033, after which certain tangible personal property purchased/stored by airlines would become taxable. Extending the exemption to December 31, 2043 will result in a negative fiscal impact beginning in FY 2034.

The proposed extension of the sunset date will maintain the existing exemption and the associated \$300,000 annual election fee. Oversight is unable to determine the number of common carriers that will elect into the program in future years, therefore Oversight will show an unknown positive impact to the Aviation Trust Fund beginning in FY2034.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivision were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
GENERAL REVENUE				
<u>Revenue Loss - (\$144.805) Loss of sales tax revenue if sunset was extended p.4</u>	\$0	\$0	\$0	(Unknown)
<u>Revenue Loss - (\$144.807) Loss of sales tax revenue if sunset was extended p.5</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND (1688)				
<u>Revenue Loss - (\$144.805) Loss of sales tax revenue if sunset was extended p.4</u>	\$0	\$0	\$0	(Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
<u>Revenue Loss</u> - (\$144.807) Loss of sales tax revenue if sunset was extended p.5	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND (1688)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND (1609)				
<u>Revenue Loss</u> - (\$144.805) Loss of sales tax revenue if sunset was extended p.4	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<u>Revenue Loss</u> - (\$144.807) Loss of sales tax revenue if sunset was extended p.5	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND (1609)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
PARKS AND SOILS STATE SALES TAX FUNDS (1613 & 1614)				
<u>Revenue Loss</u> - (\$144.805) Loss of sales tax revenue if sunset was extended p.4	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<u>Revenue Loss</u> - (\$144.807) Loss of sales tax revenue if sunset was extended p.5	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS AND SOILS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
STATE SALES TAX FUNDS (1613 & 1614)				
AVIATION TRUST FUND (1952)				
<u>Revenue Gain</u> - (§144.805) Revenues that would continue to be collected if sunset was extended p.4	\$0	\$0	\$0	More or less than \$6,106,148
<u>Revenue Gain</u> - (§144.807) Fee revenue that would continue to be collected if sunset was extended p.5	\$0	\$0	\$0	Unknown
ESTIMATED NET EFFECT ON AVIATION TRUST FUND (1952)	\$0	\$0	\$0	More or less than \$6,106,148

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue Loss</u> - (§144.805) Loss of sales tax revenue if sunset was extended p.4	\$0	\$0	\$0	(Unknown)
<u>Revenue Loss</u> - (§144.807) Loss of sales tax revenue if sunset was extended p.4	\$0	\$0	\$0	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0	\$0	(Unknown)

FISCAL IMPACT – Small Business

Certain small businesses that qualify for the exemptions listed under §144.805 &/or §144.807 could be impacted by this proposal.

FISCAL DESCRIPTION

The sales tax exemption for aviation jet fuel is currently set to expire on December 31, 2033. This bill extends the sales tax exemption for aviation jet fuel to December 31, 2043.

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

Department of Revenue
Office of Administration - Budget and Planning
Missouri Department of Conservation
City of Kansas City
City of O'Fallon



Julie Morff
Director
March 2, 2026



Jessica Harris
Assistant Director
March 2, 2026