

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4867-03
Bill No.: HB 2784
Subject: Taxation and Revenue - Property; Taxation and Revenue - Sales and Use; Aircraft and Airports
Type: Original
Date: April 12, 2016

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Blind Pension Fund	(Unknown but minimal)	(Unknown but minimal)	(Unknown but minimal)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown but minimal)	(Unknown but minimal)	(Unknown but minimal)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight assumes this proposal expands the definition of aircraft used for noncommercial purposes and thus qualifying for a personal property subclass which is assessed and valued at a lower rate and will result in lower personal property taxes for qualifying aircraft.

Local political subdivisions will realize lower property tax receipts of an unknown amount. School districts will be most affected. The state Blind Pension fund will experience lower receipts, but the amount is expected to be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
BLIND PENSION FUND			
<u>Revenue reduction</u>			
Property tax receipts	(Unknown but <u>minimal</u>)	(Unknown but <u>minimal</u>)	(Unknown but <u>minimal</u>)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	(Unknown but <u>minimal</u>)	(Unknown but <u>minimal</u>)	(Unknown but <u>minimal</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL GOVERNMENTS			
<u>Revenue reduction</u>			
Property tax receipts	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT - Small Business

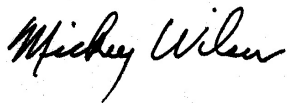
Small businesses with qualifying aircraft would be expected to incur lower personal property taxes as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation 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 250 hours to be assessed at 5% of the aircraft's true value in money for property tax purposes. The proposal changes the definition of "commercial aircraft" from a maximum certified gross take-off weight of more than 3,000 pounds to more than 12,500 pounds and adds that a commercial aircraft is used by a company or individual to transport passengers or cargo for compensation or hire.

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



Mickey Wilson, CPA
Director
April 12, 2016

Ross Strobe
Assistant Director
April 12, 2016