

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4561-01
Bill No.: SB 1276
Subject: Taxation and Revenue - Property; Property, Real and personal, Aircraft and Airports
Type: Original
Date: March 2, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Blind Pension	\$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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Office of Administration, Division of Budget and Planning** assume this proposal would have no impact on their organizations.

Officials from the **State Tax Commission (TAX)** assume this proposal would have no direct impact on their organization. TAX officials assume this proposal would have an unknown negative revenue impact on local governments, as the assessed valuation of noncommercial aircraft hangars would be reduced from 32% of appraised value to 19% of appraised value. TAX has no information regarding the number or value of noncommercial hangars.

Officials from the **Office of the Cole County Assessor** and the **Department of Public Safety** did not respond to our request for information.

ASSUMPTIONS (continued)

Officials from the **Department of Transportation** (MODOT) stated there are 130 public use airports and an unknown number of private use airports, for a potential total number of airports from 150 to 500. MODOT assumes there could be 1 to 3 privately owned hangars at each airport; however, MODOT does not have any information on the value of the hangars or usage of the hangars for commercial or noncommercial purposes. Further, MODOT assumes existing hangars could be converted from commercial to noncommercial use and vice versa. Therefore, MODOT assumes the number of qualifying hangars can not be estimated.

Oversight assumes there would be an unknown loss of revenue to local governments, since this proposal would reduce the assessed valuation of certain aircraft hangars. The actual impact for any individual political subdivision of a reduction in assessed valuation of individual parcels of property would be subject to overall changes in total assessed valuation, and to the effects of other statutory revenue restraints. The effects of the other revenue restraints would vary from subdivision to subdivision. Reducing the increase in assessed valuation on individual parcels would in turn reduce the tax rate rollback required, primarily shifting this tax burden to other taxpayers. Oversight assumes this proposal could reduce local government revenues beginning in calendar 2005 (FY 2006).

Oversight assumes there would also be gains and losses to the Blind Pension fund of a little more than ½ of 1% of the losses to political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
BLIND PENSION FUND			
<u>Revenue reduction</u>			
Reduced tax collections	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
POLITICAL SUBDIVISIONS			
<u>Revenue reduction</u>			
Reduced tax collections	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON POLITICAL SUBDIVISIONS	<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.

DESCRIPTION

This proposal would classify all noncommercial aircraft hangars as residential property.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
State Tax Commission
Office of Administration
 Division of Budget and Planning
Department of Transportation

NOT RESPONDING

**Office of the Cole County Assessor
Department of Public Safety**



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Director
March 2, 2004