

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5331-01
Bill No.: HB 1431
Subject: Taxation and Revenue - Sales and Use; Aircraft and Airports; Revenue Dept.
Type: Original
Date: February 6, 2012

Bill Summary: This proposal would extend the sunset on the exemption of aviation jet fuel from sales tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0	(More than \$100,000)	(More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Aviation Trust	\$0	More than \$100,000	More than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	More than \$100,000	More than \$100,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	(More than \$100,000)	(More than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (MODOT)** assume this proposal would extend the sunset date for depositing sales tax revenues on aviation fuel into the Aviation Trust Fund from December 31, 2013 to December 31, 2023. By extending the sunset date, the proposal would continue critical funding for our aviation programs. There would be no fiscal impact to MODOT unless the extension was not granted and then it would jeopardize the funding for Aviation.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume the proposed legislation would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would extend the sunset on the tax exemption for certain sales of aviation jet fuel. This proposal would reduce Aviation Trust Fund and Total State Revenues, and local revenues, by an unknown amount.

Officials from the **Department of Revenue** assume this proposal would not have a fiscal impact on their organization, but may reduce Total State Revenue.

Oversight has obtained from the Department of Revenue's annual reports the amounts of sales tax on aviation jet fuel collected by the Department of Revenue and deposited into the Aviation Trust Fund for the past five years as authorized by Section 144.805, RSMo. The current provision authorized the state portion (3 percent) collected on the sale of aviation jet fuel to be deposited in the Aviation Trust Fund up to a maximum of \$6 million per calendar year, and the cap on the program was increased to \$10 million as of January 1, 2009.

FY 2007	\$5,229,256
FY 2008	\$7,413,601
FY 2009	\$4,777,063
FY 2010	\$4,018,391
FY 2011	\$4,669,303

ASSUMPTION (continued)

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.

The current provision was set to expire on December 31, 2013 (FY 2014) and the proposal would have a fiscal impact for six months of FY 2014 and all of FY 2015. For fiscal note purposes, Oversight will indicate unknown additional revenue greater than \$100,000 for the Aviation Trust Fund for FY 2014 and FY 2015. Oversight will include an offsetting revenue reduction to the General Revenue Fund.

The proposal would also extend the current local sales and use tax exemption for aviation jet fuel. Accordingly, Oversight will indicate a revenue reduction greater than \$100,000 for local governments for FY 2014 and FY 2015.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Revenue reduction - sales taxes</u>	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
AVIATION TRUST FUND			
<u>Additional revenue - sales taxes</u>	<u>\$0</u>	<u>More than \$100,000</u>	<u>More than \$100,000</u>
ESTIMATED NET EFFECT ON AVIATION TRUST FUND	<u>\$0</u>	<u>More than \$100,000</u>	<u>More than \$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - sales taxes	\$0	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>

FISCAL IMPACT - Small Business

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

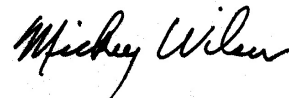
FISCAL DESCRIPTION

This proposal would extend the sunset on the exemption of aviation jet fuel from sales tax.

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

Office of Administration
Division of Budget and Planning
Department of Revenue
Department of Transportation



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Director
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