

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1710 HB	<b>Title:</b> Commuter air carriers
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## Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Transportation	63,000	70,570	68,400	76,600	73,800	82,630
<b>Total \$</b>	<b>63,000</b>	<b>70,570</b>	<b>68,400</b>	<b>76,600</b>	<b>73,800</b>	<b>82,630</b>

## Estimated Expenditures

NONE

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

<b>Prepared by:</b> Alyson Cummings, OFM	<b>Phone:</b> 360-902-0576	<b>Date Published:</b> Final 2/12/2013
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 33758

FNS029 Multi Agency rollup

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1710 HB	<b>Title:</b> Commuter air carriers	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Capital Budget Impact:**

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/06/2013
Agency Preparation: Gerald Saylor	Phone: 360-534-1517	Date: 02/12/2013
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/12/2013
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/12/2013

Request # 1710-2-2

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Note: This fiscal note reflects a revision to the revenue impacts, and supersedes fiscal note number 1710-1.

This bill relates to the taxation of commuter air carriers.

Section 1 of this act amends RCW 84.12.200. It excludes from the definition of "airplane company" a "commuter air carrier" as defined in RCW 82.48.010 whose ground property and equipment is located on privately held real property.

Section 2 of this bill amends RCW 82.48.010. It defines "commuter air carrier" as an air carrier holding authority under Title 14, Part 298 of the code of federal regulations that carries passengers on at least five round trips per week on at least one route between two or more points according to its published flight schedules. The schedules must specify the times, days of the week, and places between which those flights are performed.

Section 3 of this legislation amends RCW 82.48.030. Changes include the amount of tax imposed by this chapter for each calendar year with respect to aircraft owned and operated by a commuter air carrier that is not an airplane company as defined in RCW 84.12.200 is based upon a weight schedule outlined in this section.

Section 4 of this bill adds a new section to chapter 84.36 RCW. It exempts aircraft owned and operated by a commuter air carrier, to which tax under RCW 82.48.030 has been paid for on a calendar year, from property tax for that calendar year. The terms "aircraft" and "commuter air carrier" have the same meanings as provided in RCW 82.48.010.

Section 5 establishes the effective date of this bill as January 1, 2014.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS

##### -- Aircraft Excise Tax

The impact on the aircraft excise tax will be shown on the Department of Transportation's fiscal note.

##### -- Property Tax

Effective for taxes collected in 2014 and after

Based on taxes levied for collection in 2012

#### DATA SOURCES

Department of Revenue Property Tax Division

#### REVENUE ESTIMATES

The state property tax levy is predicted to remain below the \$3.60 limit throughout the 2017-19 Biennium. Therefore, there will be no loss to the state property tax.

#### PROPERTY TAX REVENUE IMPACT:

State Government (cash basis, \$000): none

Local Government, if applicable (cash basis, \$000):

- FY 2014 - \$ (4)
- FY 2015 - \$ (7)
- FY 2016 - \$ (7)
- FY 2017 - \$ (7)
- FY 2018 - \$ (7)
- FY 2019 - \$ (7)

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues (\$000): None

State Government, (\$000), Shift of Tax Burden

- CY 2014 - \$ 13
- CY 2015 - \$ 13
- CY 2016 - \$ 13
- CY 2017 - \$ 13
- CY 2018 - \$ 13
- CY 2019 - \$ 13

Local Government, Impact on Revenues (\$000)

- CY 2014 - \$ (7)
- CY 2015 - \$ (7)
- CY 2016 - \$ (7)
- CY 2017 - \$ (7)
- CY 2018 - \$ (7)
- CY 2019 - \$ (7)

Local Government, (\$000), Shift of Tax Burden

- CY 2014 - \$ 38
- CY 2015 - \$ 38
- CY 2016 - \$ 38
- CY 2017 - \$ 38
- CY 2018 - \$ 38
- CY 2019 - \$ 38

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing*

The Department of Revenue will not incur any costs with the implementation of this legislation.

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

None.

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

No rule-making required.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1710 HB	<b>Title:</b> Commuter air carriers	<b>Agency:</b> 405-Department of Transportation
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**Part I: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts to:**

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
General Fund-State 001-1	31,500	31,500	63,000	68,400	73,800
Aeronautics Account-State 039-1	3,785	3,785	7,570	8,200	8,830
<b>Total \$</b>	35,285	35,285	70,570	76,600	82,630

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/06/2013
Agency Preparation: My-Trang Le	Phone: 360-705-7517	Date: 02/12/2013
Agency Approval: Doug Vaughn	Phone: 306-705-7500	Date: 02/12/2013
OFM Review: Alyson Cummings	Phone: 360-902-0576	Date: 02/12/2013

Request # 13-054-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 of the bill exempts a “commuter air carrier” from being classified as an “airplane company”.

Section 2 defines a “commuter air carrier” as an air carrier that transports passengers on at least five round trips per week on at least one route according to published flight schedules.

Section 3 imposes a new weight based excise tax on aircraft owned by commuter air carriers. This new excise tax for commuter planes is higher than existing law with tax rates per plane based on weight: less than 4,001 lbs. - \$500; 4,001 to 6,000 lbs. - \$1,000; 6,001 to 8,000 lbs. - \$2,000; 8,001 to 9,000 lbs. - \$3,000; and 9,001 to 12,500 lbs. - \$4,000.

Section 4 exempts aircraft owned and operated by a commuter air carrier from property tax. This language causes these aircrafts to be subject to aircraft registration fees.

Section 5 provides an effective date of January 1, 2014 for the bill.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Estimated revenue is based on one airline, Kenmore Air’s, current fleet of 18 and a projection of 5 additional aircrafts in the next 10 years. Washington does not have any other commuter air carriers currently operating in the state. The department also assumes: 1) that Kenmore Air would pay the aircraft excise tax and registration fees in lieu of property tax; 2) the department would be able to collect first year revenue between January 1 - June 30, 2014 and annually thereafter; 3) estimated revenues from any additional commuter air carriers that may operate in the state in future are not included in this fiscal note; and 4) any reduction to General Fund revenues from the property tax change would be shown in the Department of Revenue's fiscal note.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The department assumes that the aircraft registration system and website instructions will require modifications to implement the new registration fees. However, it is assumed that this work is minimal and would be done within existing staff.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## Part IV: Capital Budget Impact

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

WSDOT - HB1710 & SB5627

Kenmore Air

<u>Aircraft</u>	<u>Empty Wt.</u>	<u>C.G.</u>	<u>Useful Load</u>	<u>Gross Weight</u>	<u>Excise tax</u>	<u>Fiscal Yr.</u>										
					<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
N3125S	5368	138.8	2999	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N50KA	5170	139.6	3197	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N606KA	4916	132.8	3451	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N707KA	5180	139.7	3187	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N765KA	5109	138.2	3258	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N87KA	4801	134.7	3566	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N90422	4831	135	3536	8367	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
N1455T	3845	194.9	1885	5730	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N9744T	3675	195.6	2055	5730	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N57576	3616	97.07	1494	5110	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N1018F	3574	96.24	2026	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N17598	3589	96.7	2011	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N6781L	3467	95.4	2133	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N72355	3699	95.67	1901	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N77MV	3349	95.3	1761	5110	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N900KA	3618	96	1982	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N9766Z	3568	97.1	2032	5600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
N2803K	2144	36.5	1046	3190	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
N2849K	2134	39.26	1056	3190	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Added Planes (5 planes added over 10 years, \$3000 per plane)				8001-9000		\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 9,000	\$ 9,000	\$ 12,000	\$ 12,000	\$ 15,000	\$ 15,000	
Total Excise Tax					\$ 32,000	\$ 35,000	\$ 35,000	\$ 38,000	\$ 38,000	\$ 41,000	\$ 41,000	\$ 44,000	\$ 44,000	\$ 47,000	\$ 47,000	
10% to Aeronautics Account					\$ 3,200	\$ 3,500	\$ 3,500	\$ 3,800	\$ 3,800	\$ 4,100	\$ 4,100	\$ 4,400	\$ 4,400	\$ 4,700	\$ 4,700	
90% to General Fund Account					\$ 28,800	\$ 31,500	\$ 31,500	\$ 34,200	\$ 34,200	\$ 36,900	\$ 36,900	\$ 39,600	\$ 39,600	\$ 42,300	\$ 42,300	
Total Planes					18	19	19	20	20	21	21	22	22	23	23	
Registration Fees (\$15 per plane) to Aeronautics Account						\$ 285	\$ 285	\$ 300	\$ 300	\$ 315	\$ 315	\$ 330	\$ 330	\$ 345	\$ 345	
Aeronautics Fund						\$ 3,785	\$ 3,785	\$ 4,100	\$ 4,100	\$ 4,415	\$ 4,415	\$ 4,730	\$ 4,730	\$ 5,045	\$ 5,045	