

NOTE: as provided in LFC policy, the standing finance committees of the legislature intend this report only for use. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Foley DATE TYPED: 3/20/03 HB 458/aHBIC/aSFC/aSFI#1

SHORT TITLE: Aircraft Fees and Registration SB _____

ANALYST: Reynolds-Forte

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$31.2	\$31.2	Recurring	Aviation Fund
	\$124.8	\$124.8	Recurring	Local Government Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
Highway and Transportation Department
Taxation and Revenue Department

SUMMARY

Synopsis of SFI Amendment

The Senate Floor Amendment # 1 strikes two of the four Senate Finance Committee amendments so that the State Highway and Transportation Department revenues from current aircraft fees are unchanged and the new distribution only relates to the increased aircraft fees.

FISCAL IMPLICATIONS

The new fees should generate approximately \$156.0 annually. The Senate Floor amendment would distribute eighty percent of these new fees which equals \$124.8 to local governments and twenty percent which equals \$31.2 to the State Aviation Fund. The Appropriations Act for FY04 budgets \$71.0 of aviation fees to the State Highway and Transportation Department. The amendment will increase State Highway and Transportation Department Aviation Fund revenues by \$31.2 for FY04.

Synopsis SFC Amendment

The Senate Finance Committee amendment increases the fee set up in the original bill and redistributes eighty percent of the aircraft registration fees from the State Highway and Transportation Department to local governments.

FISCAL IMPLICATIONS

Currently the aircraft registration fees are distributed 100 percent to the state aviation fund for use by the State Aviation Division of the State Highway and Transportation Department. These funds are included in the Department's FY04 budget. The amendment changes the distribution of the aviation registration fees so that eighty percent will be distributed to the local government where the airport for which the fee is paid is located.

The amendment also increases the new fee for aircraft that are in New Mexico for maintenance, overhaul, storage or repair, but that are permanently based in another state from a maximum of three hundred dollars (\$300.00) to a maximum of three hundred dollars(\$300.0) per engine.

The new fees should generate approximately \$156.0 annually, which with current annual revenues of \$71.0 should equal about \$227.0 annually. The SFC amendment would distribute eighty percent of these fees(\$182.0) to the local governments and twenty percent(\$45.0) to the State Aviation Fund. The Appropriations Act for FY04 budgets \$71.0 of aviation fees to the State Highway and Transportation Department. The amendment will decrease State Highway and Transportation Department Aviation Fund revenues by \$26.0 for FY04.

Synopsis of HBIC Amendment

House Business and Industry Committee amendment to HB458 deletes the word "register" and replaces it with "to be registered".

Synopsis of Original Bill

HB458 allows aircraft that are in New Mexico for maintenance, overhaul, storage or repair, but that are permanently based in another state, to register in the State under the terms of the Aircraft Registration Act. This allows the aircraft owner to choose to pay registration fee up to a maximum of three hundred dollars (\$300.00) in lieu of paying personal property tax.

FISCAL IMPLICATIONS

The State Highway and Transportation Department, Aviation Division, estimates there will be 150 planes in FY04, which will pay these fees for maximum revenue of \$45.0. The estimate for FY05 is \$60.0 based on 200 planes paying the maximum fee of three hundred dollars.

Currently Chavez County, where a number of the aircraft are being stored, is not charging property tax on these aircraft based on Section 7-36-14 of the property law which exempts property tax for storage items such as these aircraft.

ADMINISTRATIVE IMPLICATIONS

The Aviation Division of State Highway and Transportation Department currently registers all aircraft based in the State. The Department believes the increased administrative workload imposed by this bill would be minimal.

TECHNICAL ISSUES

The Aviation Division suggests that the Bill be amended to charge be \$300 per engine for these aircraft (not including the engines in supplementary or auxiliary power units). Many of the aircraft are two engine aircraft, with a few aircraft having three engine and four engines. The Aviation Division believes the average number of engines per plane in the fleet of these aircraft is 2.5 to 2.8 per plane.

OTHER SUBSTANTIVE ISSUES

The State Highway and Transportation Department believes there is a possibility that by not bringing these aircraft under the Aircraft Registration Act, that by omission, these aircraft might be charged personal property tax. This might cause owners of these aircraft to move them out of state, thus causing financial loss to the communities where these aircraft are currently kept. The communities where these aircraft are currently kept charge a "parking" fee that goes to the community directly.

PRF/njw/lis