

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2073

2001 SENATE TRANSPORTATION

SB 2073

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2073

Senate Transportation Committee

Conference Committee

Hearing Dates 1-11-01;1-19-01

Tape Number	Side A	Side B	Meter #
	x		0.0-17.0
Jan. 19, 2001	1	x	14.0-24.8
Committee Clerk Signature <i>Syette Self</i>			

Minutes: SB 2073 relates to fees charged by the aeronautics commission.

Gary R. Ness: (Director of the aeronautics commission) Supports SB 2073. See attached testimony.

Senator Trenbeath: Why the big increase from \$25 to \$150?

Gary Ness: It's to bring about a reduction of dealerships.

Senator Espegard: How much is the excise tax?

Gary Ness: 5% of purchase price or net trade in value. 3% for Ag purposes.

Senator Stenehjem: Where is the excise tax deposited?

Gary Ness: Into a special fund in the aeronautics committee used for airport construction projects and related things.

Senator Stenehjem: It seems like quite a jump in price, is this negotiable?

Gary Ness: I think so, I will have to call and find out.

Senator Stenehjem: It might be advantageous. Hearing closed.

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Senate Transportation Committee
Bill/Resolution Number 2073
Hearing Date 1-11-01;1-19-01

Hearing resumed on 1-19-01.

Senator Stenejem: What are your wishes on the fee?

Senator O'Connell: Does \$150 seem reasonable?

Gary Ness:(Director of Aeronautics Commission; Supports) I don't see a problem with it.

Senator Trenbeath: What do you need to cover expenses?

Gary Ness: \$75-\$100. Most would go to cover costs of directories, charts, and pilot info.

Senator O'Connell: How many people are we affecting?

Gary Ness: 58 dealers. 30 "true" dealers, and 10 active dealers.

Hearing closed on SB 2073.

Senator O'Connell made to accept the amendment. Senator Trenbeath seconded. Roll call vote 5-0-1.

Senator Trenbeath moved a do pass on amended bill #18110.0101. Seconded by Senator O'Connell. Roll call vote 5-0-1. Carrier is Senator Trenbeath.

FISCAL NOTE

Requested by Legislative Council
01/24/2001

Bill/Resolution No.:

Amendment to: SB 2073

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$6,000		\$6,000
Expenditures				(\$1,700)		(\$1,700)
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The amendment to SB - 2073 does not have any affect on the FISCAL NOTE for the introduced bill.

Name:	Gary R. Ness	Agency:	Aeronautics Commission
Phone Number:	328-9655	Date Prepared:	01/24/2001

FISCAL NOTE
 Requested by Legislative Council
 12/27/2000

REVISION

Bill/Resolution No.: SB 2073

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$6,000		\$6,000
Expenditures				(\$1,700)		(\$1,700)
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

There are 58 registered aircraft dealers in the state. We believe that this increase of fees will reduce the dealers licensing in the state to a more believable (true) number of 30, these people are in reality the dealerships operating with aircraft sales across the state. The increase is requested due to the fact that at \$25.00 a year that the agency is actually losing money in the processing of the applications.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*
 A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The agency will have a positive cash flow on the administration of the dealership regulatory

function. From an approx <\$500.00> net loss a biennium to a \$7,200.00 positive revenue position. These funds will be deposited into the *Commission Special Fund* and will be used to bolster the *pilot safety seminars, aviation educational efforts and the charts and directory programs.* There is one other benefit. The staff believes that at least 28 additional aircraft will be applied to the Aircraft Excise Tax collections. There are several dealerships that have one aircraft on the Demo-Tag books, the dealership does not pay Excise Tax on Demo aircraft, thus a loop hole in the NDCC creates a tax free safe haven. A dealership can be established and any aircraft held in inventory will not be taxed until resold. An estimated excise tax, **one time wind-fall**, to the Air Service Grant Fund in the amount of \$100,000.00 could take place when the loopholed aircraft revert off the demo-tag position. These funds in the ASGF are used to help capture FEDERAL dollars, at a \$9 federal to \$1 local bases, for airport improvements at the Air Service Airports across the state.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures will be less due to the reduced workload on the numbers of excepted *true* dealerships. No FTE changes are required, other agency programs will prosper because more time will be spent on those projects that benefit the industry.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The effect on appropriations are N/A because this regulatory function does not a specific line item in the budget it is a part of the whole regulatory function of the agency.

Name:	Gary R. Ness	Agency:	Aeronautics Commission #412
Phone Number:	328-9650 / 9655	Date Prepared:	12/27/2000

FISCAL NOTE

Requested by Legislative Council
12/21/2000

Bill/Resolution No.: SB 2073

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$3,000		\$9,000		\$9,000
Expenditures		\$3,500		\$1,800		\$1,800
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

There are **58** registered aircraft dealers in the state. We believe that this increase of fees will reduce the dealers licensing in the state to a more believable (true) number of **30**, these people are in reality the dealerships operating with aircraft sales across the state. The increase is requested due to the fact that at \$25.00 a year that the agency is actually losing money in the processing of the applications.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues.** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The agency will have a positive cash flow on the administration of the dealership regulatory function. From an approx <\$500.00> net loss a biennium to a \$7,200.00 positive revenue position. These funds will be deposited into the *Commission Special Fund* and will be used to bolster the *pilot safety seminars, aviation educational efforts and the charts and directory programs.* There is one other benefit. The staff believes that at least 28 additional aircraft will be applied to the Aircraft Excise Tax collections. There are several dealerships that have one aircraft on the Demo-Tag books, the dealership does not pay Excise Tax on Demo aircraft, as a loop hole in the NDCC creates a tax free safe haven. A dealership can be established

and any aircraft held in inventory will not be taxed until resold. An estimated excise tax, **one time wind-fall**, to the Air Service Grant Fund in the amount of \$100,000.00 could take place when the loopholed aircraft revert off the demo-tag position. These funds in the ASGF are used to help capture FEDERAL dollars, at a \$9 federal to \$1 local bases, for airport improvements at the Air Service Airports across the state.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures will be less due to the reduced workload on the numbers of excepted true dealerships. No FTE changes are required, other agency programs will prosper because more time will be spent on those projects that benefit the industry.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The effect on appropriations are N/A because this regulatory function does not a specific line item in the budget it is a part of the whole regulatory function of the agency.

Name:	Gary R. Ness	Agency:	Aeronautics Commission #412
Phone Number:	328-9650 / 9655	Date Prepared:	12/22/2000

PROPOSED AMENDMENTS TO SENATE BILL NO. 2073

Page 2, after line 3, insert:

"An applicant for a license or renewal of a license shall submit to the aeronautics commission an inventory of aircraft held by the applicant along with a separate demonstration flight log of time accumulated for those demonstration flights and aircraft tachometer readings for each aircraft on the date of initial application and on November thirtieth before the yearly renewal time. Information on inventory must be provided to the commission on an approved report form. If an aircraft is held in inventory for more than twelve months and is flown more than thirty-five hours of flight time in any given twelve-month period of time, the commission shall determine if the aircraft is a demonstration aircraft. When the hours flown exceed thirty-five hours in the twelve-month period, the aircraft is presumed not to be a demonstration aircraft and the aircraft excise tax must be remitted to the aeronautics commission under chapter 57-40.5 unless upon satisfactory proof the aeronautics commission determines the aircraft is used exclusively for demonstration purposes."

Renumber accordingly

Date: 1-19-01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2073

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 18110.0101

Action Taken Do Pass

Motion Made By O'Connell Seconded By Trenbeath

	Senators	Yes	No	Senators	Yes	No
1	Senator Stenejem, Chairman	X		Senator Bercier 6	X	
2	Senator Trenbeath, Vice-Chair	X		Senator O'Connell 5	X	
4	Senator Espegard					
3	Senator Mutch	X				

Total (Yes) 5 No 0

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
Amend to 18110.0101

