

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2713-03
Bill No.: SCS for SB 1046
Subject: Aircraft and Airports; Governor and Lt. Governor; Transportation
Type: Original
Date: February 27, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	(\$500,000 to Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume the proposal has no fiscal impact on their agency but notes that it could have an adverse affect on federal and state funding for development of Lambert and Spirit of St. Louis Airports because it confuses who actually controls the airports.

Officials with the **City of St. Louis (STL)** did not respond. **Oversight** assumes STL's response would be similar to their response to LR 2713-01N. In this response, STL indicated during a telephone conversation that they will use their response from the identical LR 0334-02 (2001 Session). The response is to be updated to reflect \$935 million in outstanding airport debt as of June 30, 2001. STL's response from LR 0334-02 is as follows:

“Officials with the **City of Saint Louis (STL)** indicated that according to a legal interpretation from the City Counselor's office, the proposal would transfer responsibility for all bonded indebtedness and other obligations of Lambert Airport to the state, as the Missouri-St. Louis Metropolitan Airport Authority is a state agency. Figures provided indicated that the airport had estimated outstanding bonded indebtedness and construction liabilities of approximately \$935 million, as well as possible costs for nuclear waste clean-up under federal Superfund legislation estimated at \$325 million.”

Oversight notes that the effective date of the proposal is January 1, 2005. Oversight further notes that the proposal states that “the authority shall honor all bonds, debts, outstanding obligations and contracts of any airport or airport authority affected by this section.” However, Section 305.520, RSMo currently allows the Missouri-St. Louis Metropolitan Airport Authority to assume and pay or guarantee the payment of the principal and interest of any bonds secured by any airport in the Missouri-St. Louis metropolitan area. It further states that such an assumption or guaranty does not constitute a debt of the Authority or the state of Missouri within the meaning of the constitution and state law. Therefore, Oversight assumes there would be no state fiscal impact as a result of this provision. However, this assumption is also based on revenues earned by the airport being adequate to service all outstanding indebtedness and obligations. If airport revenues are not adequate to service the outstanding debt, then the state could potentially be required to honor the debt in order to maintain the state's current bond rating.

The **St. Louis Metro Airport Authority of Lambert International Airport** responded that they are opposed to the proposal for a number of reasons. Among other reasons, the Authority noted that the proposal does not provide funding for the Authority or for the costs of operations,

the costs would be in excess of seven figures, the city would be relieved of any responsibility to operate the Airport, and the proposal is believed to be a direct violation of certain covenants

DESCRIPTION (continued)

governing the issuance of Airport Revenue Bonds and therefore could place at risk all outstanding bonds issued by the City.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005

**LAMBERT-ST. LOUIS
 INTERNATIONAL AIRPORT**

<u>Cost – Operational Costs</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$500,000 to Unknown)</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

Under this proposal, the Missouri-St. Louis Metropolitan Airport Authority is given the responsibility for operation of the Lambert-St. Louis International Airport as of January 1, 2005. The existing Airport Authority members' terms will have expired by the time the authority assumes responsibility for operation of the airport in 2005. The City of St. Louis shall continue to own the airport. The members of the Authority shall represent St. Louis City and St. Louis, Jefferson, Franklin, and St. Charles Counties on the basis of population. One member shall preside for each 130,000 residents. The authority shall honor all bonds, debts and employee pension plans of the former airport authority. This proposal also states that the City of St. Louis may continue taxing businesses conducting activities within its airport.

The substitute adds language requiring Missouri-St. Louis Metropolitan Airport Authority to enter into negotiations with St. Louis officials regarding airport employee issues.

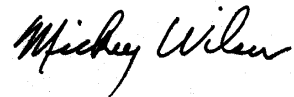
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
St. Louis Metro Airport Authority of Lambert International Airport

NOT RESPONDING

City of St. Louis



Mickey Wilson, CPA
Acting Director
February 27, 2002