

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1478

Bill Subtitle: TO AMEND THE SALES AND USE TAX EXEMPTION FOR COMMERCIAL JET AIRCRAFT.

Basic Change :

Sponsors: Rep. Eaves and Sen. B. Johnson

HB1478 amends the sales and use tax exemption for parts and services installed and incorporated into commercial aircraft. Current law limits the sales and use tax exemption to parts incorporated into a commercial "jet aircraft" and the services required to incorporate them into aircraft with a maximum take-off weight of 12,500 lbs.

HB1478 replaces the term "jet aircraft" with "turbine engine aircraft." HB1478 also removes the maximum take-off weight limitation, allowing any turbine engine aircraft that is used for a business purpose to qualify for the exemption.

The amended exemption is effective on the first day of the calendar quarter following the effective date of the act. An effective date of October 1, 2023 is assumed for purposes of the Revenue Impact below.

Revenue Impact :

FY2024

Total Approximate State Sales and Use Tax Loss **\$ - 800,000**

(Estimated Effective Date 10/1/23 --- 8 months reduced tax collection)

General Revenue - 4.5%	\$ - 536,677
Property Tax Relief - .5%	\$ - 59,631
Conservation Fund - .125%	\$ - 14,908
Educational Adequacy Fund - .875%	\$ - 104,354
Highway Fund - .5%	\$ - 59,631
Educational Excellence Trust Fund -	\$ - 0.00
Educational Adequacy (GR Transfer) -	\$ - 0.00
State Central Services -	\$ - 15,508

Constitutional Officers -	\$ - 7,385
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Total Approximate Local City and County Sales and Use Tax Loss **\$ - 266,667**

FY2025

Total Approximate State Sales and Use Tax Loss **\$ - 1,200,000**

General Revenue - 4.5%	\$ - 722,421
Property Tax Relief - .5%	\$ - 89,446
Conservation Fund - .125%	\$ - 22,362
Educational Adequacy Fund - .875%	\$ - 156,531
Highway Fund - .5%	\$ - 89,446

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Educational Excellence Trust Fund -	\$ - 75,886
Educational Adequacy (GR Transfer) -	\$ - 6,708
State Central Services -	\$ - 23,262
Constitutional Officers -	\$ - 11,077
Total Approximate Local City and County Sales and Use Tax Loss	\$ - 400,000

Taxpayer Impact :

Entities owning or operating aircraft meeting the new definition of commercial turbine engine aircraft would no longer be responsible for paying sales and use tax on parts and services or other tangible personal property incorporated or becoming a part of these types of aircraft.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the sales and use tax rules will be promulgated.

Other Comments :

None.

Legal Analysis :

None.