

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3656  
**Version:** First committee engrossment  
**Authors:** Beard and others  
**Subject:** Aeronautics taxes  
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### Overview

This bill modifies aeronautics related taxes, amending the aviation fuel tax as well as the aircraft registration tax.

#### Section

- 1 Gasoline tax imposed.** Raises the base aviation fuel tax from five to six cents per gallon for aviation gas and jet fuel.
- 2 Refund on graduated basis.** Amends the graduated structure of refunds from the aviation gas tax based on total gallons purchased, to increase the amount of tax paid against smaller total purchases of fuel.

#### Comparison: Tax Rates After Refund

Gallons Purchased	Current Law Tax (per gallon)	H.F. 3656 Tax (per gallon)
First 50,000	5 cents	6 cents
50,001 to 150,000	2 cents	6 cents
150,001 to 200,000	1 cent	6 cents
200,001 to 500,000	0.5 cent	3 cents
500,001 to 1,000,000	0.5 cent	1 cent
1,000,001 and above	0.5 cent	0.5 cent

- 3 In lieu tax.** Removes obsolete language.
- 4 Rate.** Amends the registration tax for Minnesota aircraft to be based on a combination of the gross weight of the aircraft and its original list price (which is graduated by percentage reductions as the aircraft ages). Under the change, the tax is the lesser of (1) one percent of the aircraft value, with a depreciation schedule against the aircraft's original list price; or (2)

50 cents per pound of maximum gross take weight. There is also a minimum tax of \$50.

- 5** **Effective date.** Makes the aviation fuel and aircraft registration tax changes effective starting in fiscal year 2011.