

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 811

DATE: April 10, 2013

Version: The delete-all amendment (H0811DE1)

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Subject: Aviation taxes

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Overview

This bill, as amended by the proposed delete-all amendment (H0811DE1), would make various changes to aviation-related taxes.

Section

- 1 Jet fuel and special fuel tax imposed.** Increases the excise tax on jet fuel from 5 to 15 cents per gallon.
- 2 Excise tax for certain airline companies.** Prevents the jet fuel tax increase in section 1 of the bill from applying to commercial airlines that pay a tax on flight property, so that the rate for such entities remains at 5 cents per gallon.
- 3 Refund on graduated basis.** Makes a conforming change.
- 4 Nonrefundable excise tax.** Narrows availability for certain refunds for taxes on jet fuel and special aviation fuel, to only apply to commercial airlines that pay tax for the fuel at a 5 cents per gallon rate. The refunds are structured to in effect reduce the tax rate imposed for higher volumes of fuel consumed. Refunds for aviation gasoline are unchanged. This provision, in conjunction with the change in section 2 of the bill, has the effect of keeping the jet fuel taxation and refund structure unchanged for certain commercial airlines.
- 5 Exemptions.** Adds an exemption from the state's general sales tax, for parts and equipment to maintain and upgrade aircraft operated under federal regulations.
- 6 Deposit in state airports fund.** Requires revenues from the sale of aircraft to be deposited in the state airports fund.

Section

- 7** **Rate.** Amends calculation of the aircraft registration tax, to replace a rate based on a percentage of list price (depreciated as the aircraft ages) with a table of tax rates based on ranges of list prices.
- 8** **Base price for taxation.** Makes a conforming change.
- 9** **State airports fund.** Clarifies that proceeds from the aircraft registration tax must be deposited in the state airports fund.
- 10** **Report.** Requires a legislative report every four years, starting in 2016, on aviation taxes and state airports fund expenditures.
- 11** **Effective date.** Makes the aviation fuel tax and aircraft registration tax changes effective July 1, 2014, and the general sales tax changes effective July 1, 2013.