

BILL SUMMARY
1st Session of the 56th Legislature

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| Bill No.: | HB 2253 |
| Version: | INT |
| Request Number: | 5451 |
| Author: | Rep. Brumbaugh |
| Date: | 2/28/2017 |
| Impact: | Anticipated Compliance Improvement |

Research Analysis

HB2253, as introduced, modifies the definition of *commercial airline*, as it relates to aircraft excise tax, to exclude air carriers that operate under Part 135 of the Code of Federal Regulation for less than 50 percent of its annual operations. The measure also modifies the aircraft excise tax exemption by requiring that an exempt aircraft purchased by a commercial airline not operate under CFR, Part 91 for more than 50 percent of its annual operations.

Prepared By: Quyen Do

Fiscal Analysis

The measure provides more specificity as to the use of aircraft related to exemptions to the aircraft excise tax. In particular, the provisions are directed toward the actual use of aircraft for charter activities. With a limited number of airports in the state hosting charter activities, it is anticipated that audit efforts will be manageable and increased compliance with the aircraft excise tax are possible.

The Incentive Evaluation Commission indicated in its November, 2016 report that all exempt sales of aircraft resulted in foregone revenue on excess of \$3.7 million to the state.

Prepared By: Mark Tygret

Other Considerations

None.