

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Terrie L. Suit

3. **Committee** House Finance

4. **Title** Aircraft Sales and Use Tax: Exemptions for
Certain Aircraft

2. **Bill Number** HB 1814

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide an exemption from the aircraft sales and use tax for any aircraft that is at least 50 years old and is used only for (i) exhibit or display to the general public (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (ii) air show and flight demonstrations (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation). This exemption would not be available for any aircraft used for commercial or private general transportation.

This bill would be applicable to transactions that occur on or after July 1, 2007.

6. **Fiscal Impact Estimates are:** Not Available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

Administrative Costs

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

As the number and value of qualifying aircraft sold each year are unknown, the revenue loss of this bill is unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Aviation

10. Technical amendment necessary: No.

11. Other comments:

Background

Under current law, the aircraft sales and use tax is imposed at the rate of 2% on the retail sale of every aircraft sold in Virginia and upon the use in Virginia of any aircraft required to be licensed by the Department of Aviation. Revenues from the tax are deposited into a special fund within the Commonwealth Transportation Fund for the administration of aviation laws by the Department of Aviation, for the construction, maintenance and improvement of airports and landing fields, and for the promotion of aviation. The purchaser must file a return with TAX and pay the tax prior to filing for a license with the Department of Aviation. Upon receipt of payment, TAX will certify the payment to the Department of Aviation.

Proposal

This bill would provide an exemption from the aircraft sales and use tax for any aircraft that is at least 50 years old and is used only for (i) exhibit or display to the general public (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (ii) air show and flight demonstrations (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation). This exemption would not be available for any aircraft used for commercial or private general transportation.

Similar Legislation

Senate Bill 1172 is identical to this bill.

Senate Bill 1171 and **House Bill 2013** would provide a separate classification for local property tax purposes for aircraft that would qualify for this exemption.

cc : Secretary of Finance

Date: 1/12/2007 AM
DLAS File Name: HB1814F161.doc