

**DEPARTMENT OF TAXATION  
2014 Fiscal Impact Statement**

1. **Patron** Frank W. Wagner

3. **Committee** Senate Finance

4. **Title** Real Property Tax and Tangible Personal  
Property Tax; Aviation Museum

2. **Bill Number** SB 508

**House of Origin:**

  X   **Introduced**  
      **Substitute**  
      **Engrossed**

**Second House:**

      **In Committee**  
      **Substitute**  
      **Enrolled**

**5. Summary/Purpose:**

This bill would authorize localities to exempt from tax the real or personal property of any entity, if the legal title to such property is subject to the sole use or occupancy by a nonprofit organization, and the organization: 1) has not agreed to surrender its interest in the property and 2) uses such property solely to a) exhibit or display Warbirds to the general public; b) use Warbirds for educational purposes; or c) perform at air shows and flight demonstrations. For purposes of this bill, the term "Warbirds" would be defined as airplanes that were manufactured prior to 1955 and intended for military use.

Under current law, if real or personal property is subject to the sole use or occupancy by certain specified nonprofit organizations, but is owned by a separate entity, and the organization has not agreed to surrender its interest in the property, such property is exempt from state and local property tax. Current law also separately classifies Warbirds for purposes of the tangible personal property tax and exempts Warbirds from the aircraft sales and use tax.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

**8. Fiscal implications:**

To the extent that a county, city, or town exercises the option of exempting the tangible property or real property as proposed in this bill, the bill would result in a decrease in local revenues in that locality, the magnitude of which is unknown. This bill would have no impact on state revenues.

**9. Specific agency or political subdivisions affected:**

All localities

**10. Technical amendment necessary:** No.

**11. Other comments:**

Use of Property Owned by Another

Currently, if real or personal property is subject to the sole use or occupancy by certain specified nonprofit organizations, but is owned by a separate entity, and the organization has not agreed to surrender its interest in the property, such property is exempt from state and local property tax. The list of specified nonprofit organizations includes a number of historical foundations, veteran's organizations, and memorial foundations.

Warbirds

Current law provides an aircraft sales and use tax exemption for aircraft that are (i) considered Warbirds, manufactured and intended for military use, excluding those manufactured after 1954, and (ii) used only for (a) exhibit or display to the general public (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (b) air show and flight demonstrations (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation). Current law also provides a separate classification of tangible personal property for tax rate purposes for aircraft that meet the same qualifications. Aircraft used for commercial purposes, including transportation or other purposes for a fee, do not qualify for the aircraft sales and use tax exemption or the separate classification for tangible personal property tax.

Proposal

This bill would authorize localities to exempt from tax the real or personal property of any entity, if the legal title to such property is subject to the sole use or occupancy by a nonprofit organization exempt from federal income taxation under § 501(c)(3), and the organization: 1) has not agreed to surrender its interest in the property and 2) uses such property solely to a) exhibit or display Warbirds to the general public; b) use Warbirds for educational purposes; or c) perform at air shows and flight demonstrations. For purposes of this bill, the term "Warbirds" would be defined as airplanes that were manufactured prior to 1955 and intended for military use.

The effective date of this bill is not specified.

Similar Legislation

**House Bill 187** is identical to this bill.

cc : Secretary of Finance

Date: 1/16/2014 KP  
DLAS File Name: SB508F161