
Finance Committee

SB 5627

Brief Description: Concerning the taxation of commuter air carriers.

Sponsors: Senators Eide, Parlette, Ranker, Shin and Litzow.

Brief Summary of Bill

- Establishes a new aircraft excise tax fee structure for commuter air carriers.
- Exempts commuter air carriers that pay the aircraft excise tax from personal property tax.

Hearing Date: 3/25/13

Staff: Jeff Olsen (786-7175).

Background:

Aircraft Excise Tax.

All aircraft must be registered for each calendar year in which it is operated within the state. An excise tax, collected by the Aviation Division of the state Department of Transportation, is imposed when an aircraft is first registered and the tax is subsequently paid annually during January of each year. The tax is a fixed charge that varies based on the type of aircraft. Annual charges range from \$20 to \$125. The tax is levied in lieu of the personal property tax. However, the law exempts several types of aircraft from the excise tax, which in turn subjects an aircraft to the personal property tax.

Commercial aircraft principally used in interstate or foreign commerce are an example of aircraft exempt from the aircraft excise tax, but subject to the personal property tax. The federal definition of a commuter air carrier is a company that transports people, property, or mail on aircraft that have less than 60 seats and have a least five scheduled flights a week. Ninety percent of the receipts from the aircraft excise tax are deposited in the General Fund with the remainder going to the Aeronautics Account.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

A commuter air carrier is defined to be consistent with the federal definition of a commuter air carrier. The definition includes carrying passengers on at least five scheduled round trips per week, with the details of time, day, and route being part of a published schedule. Commuter air carriers that are located primarily on private property are excluded from the definition of an airplane company.

A separate schedule for commuter air carriers that are not considered airplane companies is added to the excise tax statutes, with payment amounts based on weight and ranging from \$500 to \$4,000 per year.

An aircraft that is owned and operated by a commuter air carrier which is located primarily on private property and is subject to and has paid the aircraft excise tax, is exempt from property tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.