

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 5, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

### **LD 279, An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts**

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**Summary:** This bill permanently exempts aircraft and aircraft parts from Maine's sales and use tax. The exemption is currently scheduled to expire on June 30, 2015.

#### **Public Hearing:**

##### Proponents

- The sponsor presented the bill and provided written testimony.
- Those testifying in support of the bill included: owners, fixed base operators, airlines, flight schools and other aviation businesses. See testimony sheet on back.
- Representatives from the Department of Economic and Community Development, Maine State Chamber of Commerce, Aircraft Owners and Pilots Association and the Midcoast Redevelopment Authority provided testimony in support of the bill.
- Major points: need certainty for long-term investment; industry is growing; exemption has made big difference; DECD provided survey results - see *Maine Aeronautical Businesses* report from DECD dated 1/22/13.

Opposed - none

NFNA- none

**Additional information:** In response to requests from the Committee, Department of Economic and Community Development provided the attached response.

**Fiscal Information:** The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information on bills can be found online at: [www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).

The Maine Tax Expenditure report (p 163) provides an estimated General Fund revenue loss of \$595,319 and \$617,942 in FY 14 and FY 15, respectively. The report can be found at: <http://www.maine.gov/revenue/research/homepage.html>. The projected impact of the exemption at the time PL 2011, c 380, Part GGGG was enacted is included in the attached Tax and Fee chart and available on line at: [http://www.maine.gov/legis/ofpr/tax\\_information/index.htm](http://www.maine.gov/legis/ofpr/tax_information/index.htm).