

SENATE BILL REPORT

SB 5137

As Reported by Senate Committee On:
Transportation, February 28, 2019

Title: An act relating to modifying the aircraft excise tax.

Brief Description: Modifying the aircraft excise tax.

Sponsors: Senators Honeyford and Wagoner.

Brief History:

Committee Activity: Transportation: 2/04/19, 2/28/19 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Modifies the aircraft excise tax categories and amounts of the tax.
- Adds commercial drones and electric aircraft to the types of aircraft that must pay the excise tax.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5137 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Cleveland, Lovelett, Randall, Takko and Wilson, C..

Minority Report: That it be referred without recommendation.

Signed by Senators Fortunato, Nguyen, O'Ban and Padden.

Staff: Hayley Gamble (786-7452)

Background: Aircraft Excise Tax. General aviation aircraft—most aircraft except those owned by the government or by commercial airlines—annually pay a registration fee and an aircraft excise tax. The aircraft excise tax is based on the type of aircraft, ranging from \$20 for a home-built aircraft up to \$125 for a turbojet multi-engine fixed wing plane. These rates and aircraft categories have been in place since 1983. Since 2013 certain commuter air carriers are also subject to the aircraft excise tax, and pay an excise tax based upon weight ranging from \$500 to \$4,000.

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.

The Washington State Department of Transportation (DOT) collects the annual excise tax at the same time as collecting the registration fee. Revenues from the aircraft excise tax are deposited into the state aeronautics account which is used by the DOT Aviation Division for aviation related grants and activities. Aeronautics account state funds are also used to leverage additional federal funds beyond those already received by DOT.

New Types of Aircraft. The use of drones by government agencies, private companies and hobbyists has been increasing as technology improves. Drones over 0.55 pounds must be registered with the Federal Aviation Authority, but not at the state level. Aircraft required to pay a state registration fee are also subject to the state excise tax. Manned electric-powered aircraft are not common, but as in other sectors of transportation, this is an area of developing research. The 2018 state transportation budget directed DOT to convene an electric aircraft workgroup and report findings and recommendations to the transportation committees of the Legislature by June 30, 2019.

Summary of Bill (First Substitute): Aircraft Excise Tax. New categories of aircraft and subsets of existing categories of aircraft are added. Aircraft excise tax amount for all categories of aircraft are adjusted and range from \$15 to \$150.

Current Law	Current Excise Tax	SB 5137	Proposed Excise Tax
Single engine, fixed wing	\$50	Single engine fixed wing, piston 200 horsepower and less	\$55
		Electric equivalent - single engine fixed wing 149 kw (200 horsepower) or less	\$45
		Single engine fixed wing, piston greater than 200 horsepower	\$65
		Electric equivalent-single engine fixed wing greater than 149 kw (200 horsepower)	\$50
		Single engine fixed wing turboprop	\$70
Small multi-engine, fixed wing	\$65	Multi-engine fixed wing, piston less than 12,500 lbs.	\$85
Turboprop multi-engine, fixed wing	\$100	Multi-engine fixed wing, turboprop less than 12,500 lbs.	\$100
		Multi-engine fixed wing, turboprop over 12,500 lbs.	\$120
Large multi-engine, fixed wing	\$80	Multi-engine fixed wing, piston over 12,500 lbs.	\$110
Turbojet multi-engine, fixed wing	\$125	Turbojet, single-engine fixed wing	\$135
		Turbojet, multi-engine fixed wing	\$150
Helicopter	\$75	Helicopter, piston engine	\$65
		Helicopter, single engine, turbine	\$100

		Helicopter, multi-engine, turbine	\$120
Sailplane, lighter-than-air, home built	\$20	Lighter than air, sailplane, experimental amateur built, gyrocopter	\$25
Unmanned aircraft	N/A	Small unmanned aircraft, commercial less than 55 lbs.	\$15
		Large unmanned aircraft, commercial greater or equal to 55 lbs.	\$30

When used in the aircraft excise chapter "commercial" means an aircraft, manned or unmanned, not used exclusively for hobby or recreation, and "electric equivalent" means an aircraft fully or partially propelled electrically. Small and large drones are also defined by weight.

Other Provisions. The excise tax on electric aircraft may only be imposed until January 1, 2039.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute):

- Changes the definition of "commercial" to mean an aircraft, manned or unmanned, not used exclusively for hobby or recreation.
- Adds a delayed effective date of January 1, 2020.
- Technical changes to align definitions with new aircraft categories
- Correctly titles the excise tax table.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2020.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: It has been a long time since these taxes have been raised and drones were not considered in the schedule. The changes are appropriated and the Washington Pilots Association (WPA) supports these changes.

Persons Testifying: PRO: Senator Jim Honeyford, Prime Sponsor; John Dobson, Washington Pilots Association.

Persons Signed In To Testify But Not Testifying: No one.