

HOUSE BILL REPORT

HB 1710

As Reported by House Committee On:
Finance

Title: An act relating to the taxation of commuter air carriers.

Brief Description: Concerning the taxation of commuter air carriers.

Sponsors: Representatives Springer, Walsh, Sells, Chandler, Morris and Kagi.

Brief History:

Committee Activity:

Finance: 2/26/13, 2/28/13 [DP].

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.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 13 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Fitzgibbon, Hansen, Lytton, Pollet, Reykdal, Springer, Vick and Wilcox.

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

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in turn subjects an aircraft to the personal property tax. Ninety percent of the receipts from the aircraft excise tax are deposited in the General Fund with the remainder going to the Aeronautics Account.

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.

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. Payment amounts are based on weight and range 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 on January 1, 2014.

Staff Summary of Public Testimony:

(In support) The current personal property tax valuation is complex and requires a significant amount of time and paperwork. The goal is to pay a fair share of taxes, but simplify the administration. This bill aligns with the Governor's aerospace initiative.

(Opposed) None.

Persons Testifying: Kate Adams, Department of Revenue; and Todd Banks, Kenmore Air.

Persons Signed In To Testify But Not Testifying: None.