

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes various changes in aeronautics taxation and aircraft registration, including modifications to the airline flight property tax, aviation fuels taxes, and aircraft registration tax.

- 1** **Limitation.** Caps airline flight property tax collections to be no more than \$8 million in each of fiscal years 2013 and 2014. Prevents funds collected based on taxes or penalties arising from a previous fiscal year from counting (1) as part of the capped amount, or (2) as revenue that offsets the amount of airline flight property tax to be collected.
- 2** **Special fuel tax imposed.** Raises the fuel tax for jet fuel to 10 cents per gallon, increased from five cents per gallon.
- 3** **Refund on graduated basis.** Establishes that reductions in the tax on aviation gasoline (based on gallons of fuel consumed, and provided through a tax credit) do not apply when the fuel is consumed by aircraft that are not subject to the aircraft registration tax in Minnesota. Such aircraft consist of those (1) owned by nonresidents of Minnesota and used transiently in the state, and (2) owned by federal, state, and local units of government.
- 4** **Deposit of revenues.** Directs revenues from sales taxes on aircraft and aviation parts to go to the state airports fund instead of the general fund. The amount provided to the state airports fund is the greater of (1) \$3 million, or (2) the total revenue from sales taxes on aircraft and aviation parts.
- 5** **Maximum takeoff weight.** Defines "maximum takeoff weight" for the sections of state statutes governing aircraft registration and taxation.
- 6** **In lieu tax; applicability.** Establishes a new method of calculating the aircraft registration tax based on maximum takeoff weight instead of aircraft value. The change is effective for registrations starting July 1, 2012. Provides for proportionally imposing a reduced tax across multiple owners of an aircraft on which taxes are paid in multiple states.
- 7** **Amount.** Establishes a schedule of aircraft registration tax amounts based on ranges of maximum takeoff weights, with the amount of tax ranging from \$1,000 to \$25,000, which applies to aircraft that

consume jet fuel or special fuel but not aircraft that use aviation gasoline. Includes a "hold harmless" phase-in provision so that the tax due cannot increase on an aircraft registered in Minnesota for the time period of July 1, 2011, to June 30, 2012. Retains the current law basis of registration tax on aircraft value for aircraft that consume aviation gasoline.

- 8** **Turbine-powered aircraft.** Requires a Minnesota owner of a turbine-powered aircraft to file an affidavit concerning the aircraft and pay a \$25 fee, which are submitted to the Minnesota Department of Transportation.
- 9** **Nonresident aircraft subject to tax.** Requires registration in Minnesota of aircraft partially owned by a Minnesota resident or entity doing business in Minnesota.
- 10** **Filing sworn statement by manufacturer.** Modifies the information aircraft manufacturers must provide on aircraft makes and models to MnDOT, to identify the maximum takeoff weight of aircraft.
- 11** **Effective date.** Makes the bill effective July 1, 2012.