COMMENTS REGARDING JLARC's 2019 TAX PREFERENCE REVIEW – PRELIMINARY REPORT REGARDING COMMUTER AIR CARRIERS (PROPERTY TAX)

These comments are made on behalf of Kenmore Air Harbor, LLC in response to JLARC's review of the Commuter Air Carriers (Property Tax) tax preference and their conclusion that "the qualifying carrier pays an estimated 50% to 63% less than it would have paid in property tax" and their recommendation to "provide a method to equalize commuter air carrier excise tax fees on airplanes with property taxes over time."

Background:

Prior to the passage of the tax preference for Commuter Air Carriers in 2013, Kenmore Air was required to file the "Public Utilities Annual Report for Large Domestic Airline Companies". This annual report is required for all airlines operating 10 or more airplanes in the State of Washington. Thus, Kenmore Air's annual property tax assessment was based upon the same methodology applied to the major airlines, such as Alaska Airlines. This methodology included the following three valuation categories with multiple calculation models:

- Cost
  - Cost HCLD
- Income
  - Income - Direct Capitalization
  - Income - Yield Capitalization
- Market
  - Market – Stock & Debt
  - Market Multiples
  - Market Price Guide
  - Market Value at Wholesale

These valuation methods produced a wide range of taxable property values or "Value Indicators" in the annual report.

Based upon the data submitted in the Public Utilities Annual Report by the airline and the amounts calculated in the three valuation categories, the Department of Revenue (DOR) staff would perform an annual "central assessment" audit to estimate the value of all of the company's real and personal property, which was referred to as the "Reconciliation" value in the annual report. Meaning, the DOR would review the results from each of the calculation models, evaluate the validity of each approach, average or weight some of the values and then recommend a taxable amount. For example, in the 2012 assessment year for Kenmore Air, the DOR took an average of 4 different calculated values to arrive at the "Reconciliation" value; the DOR did not exclusively use the market value of the airplanes to arrive at the final taxable amount.

It should also be noted that after the final "Reconciliation" value was determined by the DOR from the "Value Indicators", a "Washington State Allocation Factor" was then applied to the DOR value. A portion of this allocation factor was to "discount" the flight property for the flight time/tons flown outside of the State of Washington. After the allocation factor was applied, the final "Washington State Taxable Property" amount was in turn allocated among the various counties served by Kenmore Air and the applicable tax rates were applied and taxes assessed.

In 2013, it was the goal of the Department of Revenue and Kenmore Air personnel to create a new taxing structure that would streamline and simplify the tax assessment process, and for commuter air carriers to pay a comparable amount in taxes under the new structure compared to taxes assessed using the Public Utilities Annual Report methodology.

It was recognized by the Department of Revenue that under the new taxing structure Kenmore Air would pay taxes in three forms:

- Aircraft excise tax based upon the weight of each airplane
- Leasehold tax for county-owned leased space
- Personal property tax for non-airplane assets owed by the company

Per the original Fiscal Note Summary for Bill Number 5627 SB Commuter Air Carriers, the estimated cash receipts from the new airplane excise tax would be (with no fiscal impact):

- FY 2013-2015 - $70,570
- FY 2015-2017 - $76,600
- FY 2017-2019 - $82,630

Per the airplane schedule that was attached to the original Fiscal Note Summary, the excise taxes generated from the airplanes were projected to be the following by year (assumed a growth of 5 airplanes over a 10-year period):

- 2014 - $35,000
- 2015 - $35,000
- 2016 - $38,000
- 2017 - $38,000
- 2018 - $41,000
- 2019 - $41,000
- 2020 - $44,000
- 2021 - $44,000
- 2022 - $47,000
- 2023 - $47,000

JLARC's Review Approach:

Based upon our understanding, to review/evaluate the fiscal impact of this tax preference, JLARC:

- Obtained airplane market values for Kenmore Air's fleet using a variety of sources
- Applied the 2018 King County personal property tax levy rate to calculate a range of estimated state and local property taxes
- Compared the dollar range of estimated property taxes to the total airplane excise taxes paid by the company in 2018
- Extrapolated an estimated gap between the aircraft excise tax paid and estimated property tax and reported the estimated gap to be a range of $92,000-$160,000 for the 2021-2023 biennium. (Please note that the "Estimated 2021-23 beneficiary savings: $186,000 - $254,000" stated at the top of JLARC's Tax Preference Review one-page summary isn't the beneficiary savings or "gap" they calculated, but rather the "Range of Estimated State and Local Property Tax" per Exhibit 3.1 in their full report.)

When the Department of Revenue and Kenmore Air personnel worked together in 2013 to develop a new structure/approach to tax commuter air carries for their real and personal property, we don't believe that the methodology used by JLARC in their review was part of the equation. In 2013, different excise tax rate schedules for the airplanes were considered by the DOR, along with the acknowledgement that Kenmore Air would lose their leasehold tax exemption and be responsible for paying such taxes to the various county entities, and begin reporting non-airplane assets to King County to be assessed personal property taxes. The DOR's approach to develop the current fee structure by airplane weight, was NOT to take the estimated market values from the most recently filed Public Utilities Annual Reports and apply the King County personal property levy rate.

Case in point, the range of airplane market values used by JLARC in their calculations is comparable to the values in the Market Indicator section of the 2011 and 2012 Public Utilities Annual Reports for Kenmore Air. IF the original intent of the DOR was to calculate the new excise tax amounts for commuter air carriers based upon the estimated airplane market values times the King County personal property tax rate, the fee structure would be much higher and comparable to JLARC's calculations. But the fact is, that wasn't the DOR's approach and shouldn't have been used by JLARC in their review to calculate the estimated fiscal impact of this tax preference.

The final point to note is that for 2014-2019, there hasn't been a short-fall in airplane excise taxes paid by Kenmore Air in comparison to the revenue projections in the original Fiscal Note Summary for this tax preference. Again, referring back to the airplane schedule attached to the original Fiscal Note Summary, Kenmore Air and its wholly owned subsidiaries have paid more than the originally projected airplane excise taxes.

Conclusion:

Kenmore Air does agree with JLARC's finding that the first inferred objective for this tax preference (Bill Number 5627) – to streamline and simplify the tax reporting for commuter air carriers - has been achieved. However, Kenmore Air disagrees with JLARC's property tax calculation methodology and disputes its finding that the commuter air carrier pays an estimated 50% to 63% less than it would have paid in property taxes. If Kenmore Air were to lose this tax preference and have to revert back to filing the of the "Public Utilities Annual Report for Large Domestic Airline Companies", we believe our company would be assessed a comparable amount in taxes to the aggregate amount of aircraft excise, leasehold, and personal property taxes currently being paid. We don't believe that the results of the Public Utilities Annual Report would produce an annual tax liability of $93,000-$127,000 for just the flight property (as estimated by JLARC), plus impose additional taxes for the terminal and leased property.

Commuter Air Carrier Airplanes (Property Tax)

2019 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: $186,000 - $254,000 | Property tax

COMMUTER AIR CARRIERS:

- Operate aircraft with 60 or fewer seats
- Carry passengers on at least 5 round-trip flights per week
- Fly according to published flight schedules

Qualifying commuter air carriers are exempt from property tax on airplanes if they pay special aircraft excise tax

Preference is limited to commuter air carriers primarily located on privately owned property – **1 of the 3 Washington commuter air carriers qualify.**

The Legislature enacted this preference in 2013.

The preference has no expiration date.

Preference has two inferred objectives:

Streamline reporting and collect similar amount that would be collected in property tax.

Tax reporting is streamlined and simplified for the one commuter air carrier that qualifies

The preference established special aircraft excise tax rates in lieu of property tax to simplify and streamline a complicated process for determining market values for airplanes.

Kenmore Air and the Department of Revenue have benefited. **Kenmore Air is the only qualifying carrier** because it is located primarily on private property.

AIRCRAFT EXCISE TAX:

- Paid in lieu of property tax for airplanes used in Washington.
- Special rates for commuter air carriers, ranging from $500 to $4,000, are based on the airplane's weight.

However, the qualifying carrier pays an estimated 50% to 63% less than it would have paid in property tax

Aircraft excise tax fees are based on an airplanes' weight and remain the same each year. In contrast, airplane market values and property tax rates fluctuate from year to year. While the amount may have been similar when the preference was passed, they no longer align.

The special aircraft excise tax **was intended to be an alternative** to property tax that resulted in a similar amount of tax being paid.

The one qualifying commuter air carrier is estimated to have **paid less in aircraft excise tax than it would have paid in property tax** in fiscal year 2018.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Modify

The preference is meeting one of two inferred objectives. While it is simplifying reporting for one taxpayer and the Department of Revenue, it is not providing an alternative to property tax that results in a similar amount of tax paid. The Legislature should modify the preference to:

- Provide a method to equalize commuter air carrier excise tax fees on airplanes with property taxes over time.
- Clarify why the preference is limited to commuter air carriers primarily located on private property.
- Provide a performance statement with stated objectives and metrics to determine if objectives are met.

For more information, contact: Keenan Konopaski, Washington State Legislative Auditor
keenan.konopaski@leg.wa.gov • (360) 786-5187

Multiple Agency Fiscal Note Summary

Bill Number: 5627 SB	Title: Commuter air carriers

Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Transportation	63,000	70,570	68,400	76,600	73,800	82,630
Total $	**63,000**	**70,570**	**68,400**	**76,600**	**73,800**	**82,630**

Estimated Expenditures

NONE

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: Alyson Cummings, OFM	Phone: 360-902-0576	Date Published: Final 2/12/2013

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 33759

Department of Revenue Fiscal Note

Bill Number: 5627 SB	Title: Commuter air carriers	Agency: 140-Department of Revenue

Part I: Estimates

☒ **No Fiscal Impact**

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Hayley Gamble	Phone: 3607867452	Date: 02/06/2013
Agency Preparation:	Gerald Sayler	Phone: 360-534-1517	Date: 02/12/2013
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/12/2013
OFM Review:	Cherie Berthon	Phone: 360-902-0659	Date: 02/12/2013

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects a revision to the revenue impacts, and supersedes fiscal note number 5627-1.

This bill relates to the taxation of commuter air carriers.

Section 1 of this act amends RCW 84.12.200. It excludes from the definition of "airplane company" a "commuter air carrier" as defined in RCW 82.48.010 whose ground property and equipment is located on privately held real property.

Section 2 of this bill amends RCW 82.48.010. It defines "commuter air carrier" as an air carrier holding authority under Title 14, Part 298 of the code of federal regulations that carries passengers on at least five round trips per week on at least one route between two or more points according to its published flight schedules. The schedules must specify the times, days of the week, and places between which those flights are performed.

Section 3 of this legislation amends RCW 82.48.030. Changes include the amount of tax imposed by this chapter for each calendar year with respect to aircraft owned and operated by a commuter air carrier that is not an airplane company as defined in RCW 84.12.200 is based upon a weight schedule outlined in this section.

Section 4 of this bill adds a new section to chapter 84.36 RCW. It exempts aircraft owned and operated by a commuter air carrier, to which tax under RCW 82.48.030 has been paid for on a calendar year, from property tax for that calendar year. The terms "aircraft" and "commuter air carrier" have the same meanings as provided in RCW 82.48.010.

Section 5 establishes the effective date of this bill as January 1, 2014.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS
-- Aircraft Excise Tax
The impact on the aircraft excise tax will be shown on the Department of Transportation's fiscal note.

-- Property Tax
Effective for taxes collected in 2014 and after
Based on taxes levied for collection in 2012

DATA SOURCES
Department of Revenue Property Tax Division

REVENUE ESTIMATES
The state property tax levy is predicted to remain below the $3.60 limit throughout the 2017-19 Biennium. Therefore, there will be no loss to the state property tax.

PROPERTY TAX REVENUE IMPACT:

State Government (cash basis, $000): none

Local Government, if applicable (cash basis, $000):

FY 2014 - $ (4)
FY 2015 - $ (7)
FY 2016 - $ (7)
FY 2017 - $ (7)
FY 2018 - $ (7)
FY 2019 - $ (7)

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues ($000): None

State Government, ($000), Shift of Tax Burden

CY 2014 - $ 13
CY 2015 - $ 13
CY 2016 - $ 13
CY 2017 - $ 13
CY 2018 - $ 13
CY 2019 - $ 13

Local Government, Impact on Revenues ($000)

CY 2014 - $ (7)
CY 2015 - $ (7)
CY 2016 - $ (7)
CY 2017 - $ (7)
CY 2018 - $ (7)
CY 2019 - $ (7)

Local Government, ($000), Shift of Tax Burden

CY 2014 - $ 38
CY 2015 - $ 38
CY 2016 - $ 38
CY 2017 - $ 38
CY 2018 - $ 38
CY 2019 - $ 38

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 5627 SB	Title: Commuter air carriers	Agency: 405-Department of Transportation

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT		FY 2014	FY 2015	2013-15	2015-17	2017-19
General Fund-State	001-1	31,500	31,500	63,000	68,400	73,800
Aeronautics Account-State	039-1	3,785	3,785	7,570	8,200	8,830
	Total $	35,285	35,285	70,570	76,600	82,630

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Hayley Gamble	Phone: 3607867452	Date: 02/06/2013
Agency Preparation:	My-Trang Le	Phone: 360-705-7517	Date: 02/12/2013
Agency Approval:	Doug Vaughn	Phone: 306-705-7500	Date: 02/12/2013
OFM Review:	Alyson Cummings	Phone: 360-902-0576	Date: 02/12/2013

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 of the bill exempts a "commuter air carrier" from being classified as an "airplane company".

Section 2 defines a "commuter air carrier" as an air carrier that transports passengers on at least five round trips per week on at least one route according to published flight schedules.

Section 3 imposes a new weight based excise tax on aircraft owned by commuter air carriers. This new excise tax for commuter planes is higher than existing law with tax rates per plane based on weight: less than 4,001 lbs. - $500; 4,001 to 6,000 lbs. - $1,000; 6,001 to 8,000 lbs. - $2,000; 8,001 to 9,000 lbs. - $3,000; and 9,001 to 12,500 lbs. - $4,000.

Section 4 exempts aircraft owned and operated by a commuter air carrier from property tax. This language causes these aircrafts to be subject to aircraft registration fees.

Section 5 provides an effective date of January 1, 2014 for the bill.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Estimated revenue is based on one airline, Kenmore Air's, current fleet of 18 and a projection of 5 additional aircrafts in the next 10 years. Washington does not have any other commuter air carriers currently operating in the state The department also assumes: 1) that Kenmore Air would pay the aircraft excise tax and registration fees in lieu of property tax; 2) the department would be able to collect first year revenue between January 1 - June 30, 2014 and annually thereafter; 3) estimated revenues from any additional commuter air carriers that may operate in the state in future are not included in this fiscal note; and 4) any reduction to General Fund revenues from the property tax change would be shown in the Department of Revenue's fiscal note.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The department assumes that the aircraft registration system and website instructions will require modifications to implement the new registration fees. However, it is assumed that this work is minimal and would be done within existing staff.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

WSDOT - HB1710 & SB5627

Kenmore Air

Aircraft	Empty Wt.	C.G.	Useful Load	Gross Weight	Excise tax 2013	Fiscal Yr. 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
N3125S	5368	138.8	2999	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N50KA	5170	139.6	3197	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N606KA	4916	132.8	3451	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N707KA	5180	139.7	3187	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N765KA	5109	138.2	3258	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N87KA	4801	134.7	3566	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N90422	4831	135	3536	8367	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
N1455T	3845	194.9	1885	5730	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N9744T	3675	195.6	2055	5730	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N57576	3616	97.07	1494	5110	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N1018F	3574	96.24	2026	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N17598	3589	96.7	2011	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N6781L	3467	95.4	2133	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N72355	3699	95.67	1901	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N77MV	3349	95.3	1761	5110	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N900KA	3618	96	1982	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N9766Z	3568	97.1	2032	5600	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
N2803K	2144	36.5	1046	3190	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
N2849K	2134	39.26	1056	3190	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
Added Planes (5 planes added over 10 years, $3000 per plane)				8001-9000		$ 3,000	$ 3,000	$ 6,000	$ 6,000	$ 9,000	$ 9,000	$ 12,000	$ 12,000	$ 15,000	$ 15,000
Total Excise Tax					**$ 32,000**	**$ 35,000**	**$ 35,000**	**$ 38,000**	**$ 38,000**	**$ 41,000**	**$ 41,000**	**$ 44,000**	**$ 44,000**	**$ 47,000**	**$ 47,000**
10% to Aeronautics Account					**$ 3,200**	**$ 3,500**	**$ 3,500**	**$ 3,800**	**$ 3,800**	**$ 4,100**	**$ 4,100**	**$ 4,400**	**$ 4,400**	**$ 4,700**	**$ 4,700**
90% to General Fund Account					**$ 28,800**	**$ 31,500**	**$ 31,500**	**$ 34,200**	**$ 34,200**	**$ 36,900**	**$ 36,900**	**$ 39,600**	**$ 39,600**	**$ 42,300**	**$ 42,300**
Total Planes					18	19	19	20	20	21	21	22	22	23	23
Registration Fees ($15 per plane) to Aeronautics Account						**$ 285**	**$ 285**	**$ 300**	**$ 300**	**$ 315**	**$ 315**	**$ 330**	**$ 330**	**$ 345**	**$ 345**
Aeronautics Fund						$ 3,785	$ 3,785	$ 4,100	$ 4,100	$ 4,415	$ 4,415	$ 4,730	$ 4,730	$ 5,045	$ 5,045

Wed 7/24/2019 2:00 PM

Eric Nordstrom <ericnordstrom1@gmail.com>

Exemption Certificate

To Marcia Ingersoll

Department of Revenue Washington State

BUYERS' RETAIL SALES TAX EXEMPTION CERTIFICATE

Not to be used to make purchases for resale

For sales to tribal members, Indian tribes, tribal enterprises and spouses of tribal members, please use Tax exemption for sales to tribes

Type of Certificate

☐ **Single Use Certificate** — A Single use certificate must be used each time an exempt item is purchased.

☐ **Blanket Certificate** — Blanket certificates are valid for as long as the buyer and seller have a recurring business relationship. A "recurring business relationship" means at least one sales transaction within a period of twelve months. RCW 82.08.050 (7)(c)

Vendor/Seller		*Date*	
Street Address	*City*	*State*	*Zip Code*

I, the undersigned buyer, certify I am making an exempt purchase for the following reason: ***(Enter information and/or check applicable box(es))***

1. **Nonresident:**

   Place of residence: Alaska

   Type of proof of residence accepted (drivers license, fishing license, etc) DL 7160211 including any identification numbers ______, and expiration date 9/4/19

   a. ☒ Tangible personal property other than motor vehicles for use outside Washington by a resident of a state, possession, or province of Canada, with a sales tax rate of less than three percent.

   b. ☐ Watercraft *(Include make, model and serial number of vessel):*

   ☐ Registered or documented with the US Coast Guard or state of principal use and will leave Washington waters within 45 days; or

   ☐ Buyer is a resident of a foreign country. Purchase is for use outside Washington and will leave Washington waters within 45 days.

   Seller's Signature: ______

2. **Electric Vehicles:**

   a. ☐ Batteries for electric vehicles or the purchase of labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries.

   b. ☐ Tangible personal property that will become a component of electric vehicle infrastructure or the purchase of or charge made for labor and services rendered in respect to installing, constructing, repairing, or improving electric vehicle infrastructure.

3. **Intrastate Air Transport:**

   ☐ Airplanes for use in providing intrastate air transportation by a commuter air carrier and the sale of repair and related services for these airplanes.

4. **Interstate or Foreign Commerce or Commercial Deep Sea Fishing Business:**

   a. ☐ Motor vehicles, trailers and component parts thereof used to transport persons or property ***for hire*** in interstate or foreign commerce.

   b. ☐ Airplanes, locomotives, railroad cars or watercraft and component parts thereof used in transporting persons or property ***for hire.***

   c. ☐ Labor and services rendered to construct, repair, clean, alter or improve ***for hire*** carrier property.

   d. ☐ Items for use connected with private or common carriers engaged in air, rail or water in interstate or foreign commerce. ***(Note: Items consumed in the state are subject to use tax.)***

   e. ☐ Fuel to be consumed outside of Washington by a vessel primarily engaged in foreign commerce.

   Vessel Name: ______

   Type of Fuel: ______ Quantity: ______

   f. ☐ Watercraft, component parts, labor and services, and/or diesel fuel used in a qualifying commercial deep sea fishing operation.

   Registered Vessel Name: ______ Vessel Number: ______

   g. ☐ Purchases of liquefied natural gas (LNG) by private or common waterborne carriers in interstate or foreign commerce. The exemption applies to ninety percent of LNG transported and consumed outside this State by the

Date	Invoice No.	Customer Name	Customer State	Materials	Labor	Total	Tail #	Sales Tax %	Sales Tax Amount
		212 Investments LLC Total		695.00	306.17	1,001.17			
		Airpac Airlines, Inc Total		6,903.48	27,523.56	34,427.04			
		Beaver Holdings LLC N19FH Total		14,400.95	29,229.88	43,630.83			
		Cessna Aircraft Co Total		1,320.99	4,503.58	5,824.57			
		Commercial Partners Exchange Company LLC Total		26,641.67	14,631.91	41,273.58			
		Conway Beaver LLC Total		4,314.57	9,460.01	13,774.58			
		Eager Beaver (N16TB) Total		13,463.53	35,115.71	48,579.24			
		Eager Beaver LLC (N14TB) Total		29,866.42	68,715.23	98,581.65			
		Eager Beaver LLC (N16TB) Total		6,058.59	34,969.15	41,027.74			
		Evolution Asset Management, LLC Total		624.85	1,127.49	1,752.34			
		H Street Aviation LLC Total		76,390.20	87,513.34	163,903.54			
		Hangar 403 C, LLC Total		33,134.91	10,524.92	43,659.83			
		JC Investments and Management Total		20,358.29	17,790.66	38,148.95			
		L-3 Communications Avionics Sys, Inc. Total		2,275.91	16,565.99	18,841.90			
		Pilot International Inc Total		6,370.98	23,933.49	30,304.47			
		Quantum Spatial Total		6,319.52	3,926.98	10,246.50			
		Quest Aircraft Company, LLC Total		586.59	2,363.16	2,949.75			
		Robert Goff (N9041X) Total		0.90	291.50	292.40			
		Russell Noble Total		6,206.13	9,456.00	15,662.13			
		Seaplane Adventures Total		2,668.10	17,027.64	19,695.74			
		Terry Sonday Total		30,844.90	26,328.52	57,173.42			
		Trace Engines Total		172.24	7,426.82	7,599.06			
		Grand Total		289,618.72	448,731.71	738,350.43			

Date	Invoice No.	Customer Name	Customer State	Materials	Labor	Total	Tail #	Sales Tax %	Sales Tax Amount
		Beaver Air LLC Total		1,707.35	1,114.66	2,822.01			
		Clyde Saltz Total		13,845.04	41,040.97	54,886.01			
		Eric Nordstrom Total		3,717.75	10,405.08	14,122.83			
		Grant Aviation Total		89,496.86	86,734.57	176,231.43			
		Island Wings Air Service Total		36,891.15	38,470.76	75,361.91			
		Larry Romrell Total		9,105.52	11,830.54	20,936.06			
		Pirate Airworks Total		16,979.48	31,524.14	48,503.62			
		Samaritan Aviation N5233Z Total		39.31	102.67	141.98			
		Southwest Associates Total		2,763.64	14,369.01	17,132.65			
		Sportsman's Cove Lodge Total		6,142.87	15,852.81	21,995.68			
		Sportsman's Cove Lodge (N42125) Total		5,489.74	23,154.56	28,644.30			
		Ward Air Total		5,078.76	374.00	5,452.76			
		Grand Total		191,257.47	274,973.77	466,231.24			