



# Proposed Study Questions: Commuter Air Carriers Paying Aircraft Excise Tax

State of Washington Joint Legislative Audit and Review Committee • September 2018

## Citizen Commission scheduled a JLARC study of a property tax exemption for airplanes owned by certain Washington commuter air carriers



The 2006 Legislature directed the staff of the Joint Legislative Audit and Review Committee (JLARC) to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

In 2013, the Legislature provided a property tax exemption for airplanes owned by certain commuter air carriers. Instead, they are subject to a special aircraft excise tax. The preference has no expiration date.

### Eligible carriers must:

- Locate their aircraft primarily on privately held land (e.g., land that is not owned by a governmental entity or port).
- Pay a special aircraft excise tax on their airplanes.

### Commuter air carriers:

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

JLARC staff are also separately reviewing a sales and use tax exemption in 2019 for commuter air carriers that use airplanes to provide in-state travel.

## 2019 study will address whether this preference streamlined and simplified tax reporting and provided a revenue-neutral alternative for eligible carriers

The Legislature did not state an objective for this preference when it was enacted. Based on objectives inferred from comments made by the Department of Revenue and stakeholders, JLARC staff will answer two study questions.

Inferred objectives	Study questions
Streamline and simplify tax reporting	1) Has the tax preference streamlined and simplified tax reporting for the state and taxpayers?
Provide a revenue-neutral alternative to personal property tax for certain commuter air carriers	2) Is the amount of revenue generated from aircraft excise tax similar to the amount that would be collected if the same air carriers paid personal property tax?

# Proposed Study Questions: Commuter Air Carriers Paying Aircraft Excise Tax

## Study Timeframe

Preliminary Report: July 2019      Proposed Final Report: December 2019

## Study Team

Team Lead:	Dana Lynn	360.786.5177	<a href="mailto:dana.lynn@leg.wa.gov">dana.lynn@leg.wa.gov</a>
Research Analyst:	Eric Whitaker	360.786.5618	<a href="mailto:eric.whitaker@leg.wa.gov">eric.whitaker@leg.wa.gov</a>
Project Coordinator:	Eric Thomas	360.786.5182	<a href="mailto:eric.thomas@leg.wa.gov">eric.thomas@leg.wa.gov</a>

## JLARC Study Process

