

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: February 7, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 50, An Act To Exempt Fuel Used in Small Commercial Aircraft from Fuel Sales Tax

Summary: The summary of this bill states that it creates a fuel sales tax exemption for small commercial aircraft operators. As written, the bill creates a fuel excise tax exemption.

Public Hearing:

<u>Proponents</u>	<u>Opposed</u>	<u>NFNA</u>
<ul style="list-style-type: none">• Sponsor presented the bill and written testimony.• Those testifying in favor bill included:<ul style="list-style-type: none">▪ Roger Currier – Currier’s Flying Service at Moosehead Lake (see written testimony); and▪ Mary Build – pilot/instructor, flying services out of Naples and Fryeburg (no written testimony)• <i>Major points</i> - small commercial aviation is important to the tourism industry; need to minimize costs; an exemption for purchases of aircraft and parts was recently granted; exemption/refund on fuel for commercial fishing recently granted - matter of equity.	None	None

Technical Issues: Should the Committee choose to move forward with the bill, it should be amended if the intent is to create a sales tax exemption and not a fuel excise tax exemption.

Fiscal Information: The preliminary fiscal impact statement is not yet available. The testimony at the public hearing suggested that the intent of the bill is to create a sales/use tax exemption, and not an exemption from the fuel excise tax. Either exemption will decrease the amount of revenue collected by the State for either the Highway Fund, if it is a fuel excise tax exemption, or the General Fund and Other Special Revenue Fund, if it is a sales/use tax exemption.