

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Transportation

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BILL: SB 432

INTRODUCER: Senator Altman

SUBJECT: Tax Exemptions

DATE: February 11, 2013

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Everette	Eichin	TR	<b>Pre-meeting</b>
2.			AFT	
3.			AP	
4.				
5.				
6.				

**I. Summary:**

Senate Bill 432 expands the tax exemption for the repair and maintenance of qualified rotary wing aircraft (*e.g.* helicopters.) The expansion consists of reducing a qualified aircraft’s weight requirement from 10,000 pounds to 2,000 pounds maximum certified takeoff weight. The bill also expands the exemption for equipment, parts, and replacement engines used in the repair and maintenance of qualified aircraft as long as such parts or equipment are installed and/or repaired on the aircraft in the state.

This bill amends s. 212.08 of the Florida Statutes:

**II. Present Situation:**

Generally, the retail sale of repair parts and labor are subject to sales tax in Florida. Section 212.08(7)(ee), F.S., provides a sales tax exemption for aircraft repair and maintenance labor charges for “qualified aircraft.” The exemption is applicable to fixed-wing aircraft of more than 2,000 pounds maximum certified takeoff weight.<sup>1</sup> For rotary wing aircraft,<sup>2</sup> the exemption is applicable to aircraft with more than 10,000 pounds maximum certified takeoff weight.

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<sup>1</sup> Maximum takeoff weight (MTOW) is the heaviest weight at which the aircraft has been shown to meet all the airworthiness requirements applicable to it. The current minimum weight requirement of 2,000 pounds for fixed-wing aircraft was reduced from 15,000 pounds by the passage of House Bill 7087 by the 2012 Legislature.

<sup>2</sup> A rotary wing aircraft is a heavier-than-air flying machine that uses lift generated by wings, called rotor blades, that revolve around a mast. The International Civil Aviation Organization (ICAO) defines a rotorcraft as “supported in flight by the reactions of the air on one or more rotors.” Rotorcraft generally include those aircraft where one or more rotors are required to provide lift throughout the entire flight, such as helicopters, cyclocopters, autogyros, and gyrodyne.

Section 212.08(7)(rr), F.S., provides an exemption for equipment, parts, and replacement engines used in aircraft repair and maintenance for "qualified aircraft." The exemption is applicable to fixed-wing aircraft of more than 2,000 pounds maximum certified takeoff weight, and for rotary wing aircraft of more than 10,300 pounds maximum certified takeoff weight.

### **III. Effect of Proposed Changes:**

The bill expands the sales tax exemption for labor charges stemming from the repair and maintenance of rotary wing aircraft. The exemption is expanded to allow more aircraft to be eligible by reducing the allowable maximum takeoff weight from 10,000 pounds to 2,000 pounds.

The exemption for equipment, parts, and replacement engines used in the repair or maintenance of rotary wing aircraft is also expanded by reducing the allowable maximum takeoff weight from more than 10,300 pounds to more than 2,000 pounds takeoff weight when such parts or equipment are installed and is repaired or maintained in the state.

The bill has an effective date of July 1, 2013.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

The bill expands the tax exemption for the repair and maintenance of qualified rotary wing aircraft, and also expands the exemption for equipment, parts, and replacement engines used in the repair and maintenance of qualified aircraft as long as such parts or equipment are installed and/or repaired on the aircraft in the state.

#### **B. Private Sector Impact:**

Persons or entities owning or purchasing aircrafts between 2,000 to 10,000 (10,300) pounds maximum certified takeoff weight will no longer pay taxes on labor, replacement engines, parts, and equipment, or the repair and maintenance charges, when such parts or equipment are installed on such aircraft that is being repaired or maintained in the state.

**C. Government Sector Impact:**

Total impact to General Revenue by the bill's exemption of parts and labor charged from sales and use tax for rotary wing aircrafts between 2,000 and 10,000 pounds was estimated by the Revenue Estimating Conference to be \$1.3 million, cash and \$1.2 million, recurring.<sup>3</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>3</sup>Revenue Impact Results of the Revenue Estimating Conference meeting on February 8, 2013.  
<http://edr.state.fl.us/Content/conferences/revenueimpact/index.cfm>