



## Testimony in Support of Vermont House Bill 205

Honorable Chairwomen Ancel and members of the Committee,

The Aircraft Owners & Pilots Association (AOPA) is an aviation membership organization representing the general aviation interests of nearly 1,000 members in the State of Vermont and more than 330,000 across the country. On behalf of our local members, **we support the proposed changes for Title 32, Chapter 233; section 9741 – of Sales Not Covered in House Bill 205.**

For Vermont residents, the cost of aircraft ownership can be similar to that of a family mini-van. General Aviation is a mobile industry, and while convenience is a chief concern, expense is the principal motive. Vermont's exemption from sales tax on aircraft maintenance parts, with the addition of aircraft sales, aims to increase economic development around Vermont's 16 public use airports. (Fourteen of which are owned and operated by the State of Vermont.) New York and the remaining New England states already provide the same tax exemptions on aircraft maintenance and sales.

It is important to understand that Airports typically produce revenue by three primary means:

- *Ground leases*—aircraft hangar/tied-down fees and businesses based on airport.
- *General Aviation activity* such as fuel sales and landing or ramp fees.
- *Airline service.*

Vermont receives airline service at only 3 of the 16 airports, therefore revenue sources from ground leases and general aviation activity become increasingly important. The remaining thirteen airports depend on the presence of aircraft; a combination of those based locally or those visiting from elsewhere. Given that the cost of aircraft and parts are essentially the same from one state to the next, the biggest variation results from a combination of tax and convenience. Any state charging sales and use tax – as Vermont currently does on aircraft sales – in this case constitutes a penalty for choosing to base that aircraft at a local airport.

From the business perspective, aircraft need only be present in time to pick-up their passengers and need not stay once the passengers have returned. Business aircraft pricing ranges from \$20,000 to \$20 million making savings by basing aircraft in nearby New York, Western Massachusetts, or New Hampshire ever more attractive.

Vermont Aeronautics has done miraculous work with the state owned airports making them self-sufficient. However, we believe these efforts are undermined by the inability to compete on level footing with airports in neighboring states since the sales taxes applied to aircraft amount to a 6% penalty. According to data provided by the National Business Aviation Association (NBAA) every based business aircraft in a state, averages 5.5 additional jobs and \$1 million in annual economic activity.

AOPA is committed to ensuring the safety, future viability, and development of general aviation as an integral part of a national transportation system. Therefore, to keep pace with the competitive advances of neighboring states, to better leverage the State's airports, and support local aviation businesses, **AOPA supports House Bill 205.**

Thank you for your time and consideration of this important matter. We welcome the opportunity to serve this Committee and the legislature as a resource and look forward to working with you to ensure a bright future for Vermont's aviation industry. We can be reached by emailing [sean.collins@aopa.org](mailto:sean.collins@aopa.org) or by calling (301)695-2090.

###