



March 28, 2018

Testimony to the House Ways and Means Committee

Madam Chair and Members of the Committee;

Thank you for inviting me here to testify in front of you today.

Heritage Aviation has been an important piece of the Burlington economy since 2006. We are a fixed based operator (FBO) at the Burlington airport, employing 70 people. We provide aircraft fueling, deicing, anti-icing, and aircraft maintenance services to the airlines and general aviation.

We are not your typical FBO or petroleum handler. Three years ago we became 100% employee owned. We are a certified B Corp, and we are in the process of becoming a VT Benefit Corp with the specific benefit of “promoting economic opportunities for individuals beyond the creation of jobs in the normal course of business”. To the best of our knowledge, we were the first (and are currently the only) employee-owned, certified B Corp FBO in the country. Alongside our employee ownership program, we also offer an “Open Book Management” bonus program based on financial performance to all of our employees, which has paid out over \$790,000 in addition to employee base wages since inception.

Heritage is the only fuel supplier for aircraft at BTV, and we serve a number of functions with respect to fuel and other aviation support services. In the past, Heritage purchased and installed a “fuel farm” that consists of five double-walled, above-ground fuel tanks, and associated filtration, pumps, and safety measures at considerable expense, holding an aggregate of 112,500 gallons of fuel. Heritage Aviation maintains a fleet of seven fuel trucks that distribute fuel into “Air Carrier” (Airline) aircraft. Heritage also provides fuel to government, military, private, and corporate aircraft including emergency and on-call aircraft. For those aircraft that constitute a taxable sale of aviation “Jet Fuel”, Heritage Aviation collects and remits that sales tax to the State of Vermont. It is in the State of Vermont’s interest to encourage transient general aviation to stop and refuel in BTV, purchase supplies, stay overnight, and spend their dollars in the local economy.

We cannot support the original version of the bill, H.918, primarily because it calls for a \$0.28/gallon tax on jet fuel. This would lock us into a certain rate, irrespective of our cost of that product. Currently, with the 6% sales and use tax, the tax fluctuates based on the cost of the product. With a \$0.28/gallon fixed rate tax, every gallon we sell at \$4.87 is revenue neutral but acts as a tax increase for every gallon we sell below that price, as our average sales price has been below \$4.67 since the end of 2014. Not only does this impact the financial success and viability of our employee owners, it will impact the entire ecosystem of the Vermont airport and aerospace industry, leaving Vermont unable to compete with other states.

We do support the rewrite of this bill, which removes the tax increase on jet fuel. We also support the state of Vermont being brought into compliance by mandating the use of aviation gasoline taxes exclusively for aviation purposes.

Heritage is a responsible employer that adds value to the city of Burlington and to the state of Vermont. We look forward to working proactively with the legislature on this and other issues, and we thank the Committee wholeheartedly for their careful consideration of this matter.

Sincerely,

Dave Stiller

President of Heritage Aviation