



## Memorandum of Support Maryland Senate Bill 2 / House Bill 65

The Aircraft Owners and Pilots Association (AOPA) is the world's largest aviation organization, representing the general aviation interests of pilots and aircraft owners, including 5,556 of our members in Maryland. On behalf of these members, **AOPA supports SB 2 / HB 65.**

General Aviation is a mobile industry. While convenience is a chief concern, expense is the principal motive—even if it means leaving or skipping over Maryland to save money in neighboring states. For this reason, competition at airports across state lines is fierce. The opportunity for a state to increase its competitive edge over its neighbor-states is limited, making the necessity to keep-pace, vital. To remain competitive in a region filled with aviation-friendly states, Maryland needs a targeted exemption on the sales of aircraft parts and components.

The cost of aircraft parts is typically uniform across a region. The primary difference in cost to the consumer is a combination of tax and convenience. Given that the cost of typical aircraft maintenance can range anywhere from \$500 to \$500,000 and up, depending on the type of service rendered, the difference of taxes can be significant. For the opportunity of significant savings, aircraft owner/operators often acquire these services out of state. As Maryland's aviation business lose out, so to do their host airports—most of which are *municipally owned*.

During the 2018 legislative session, AOPA surveyed all identifiable aviation repair facilities. Of the 24 facilities identified in the Federal Aviation Administration (FAA) database, only 20 were found to exist at that time. Of these, exactly 50% responded to our request for recent tax data with the following results spanning tax years 2017 through 2015:

- Average, cumulative sales tax remittance over three years was \$88,593 per year
- Average sales tax remittance of \$8,859 per business.
- Average sales tax remittance ranged from a low of \$1,193 to a high of \$26,600.
- Using these averages, Maryland's annual aircraft maintenance industry remittance is less than \$200,000 for 20 known aviation repair facilities.

Using the FAA's count of 24 aviation repair facilities and rounding the annual remittance per business up-to \$10,000, the anticipated industry remittance is at most \$240,000 in a given tax year—an amount indicative of how few parts and components are sold in Maryland annually. Therefore, to keep pace with the competitive advances of neighboring states, eliminate a competitive disadvantage for local aviation businesses and to take advantage of the growing demand for business aviation, **AOPA supports SB 2 / HB 65.**

*About AOPA—*

*AOPA is committed to ensuring the safety, future viability, and development of general aviation as an integral part of a national transportation system. Since 1939, AOPA has protected the freedom to fly by creating an environment that gives people of all ages the opportunity to enjoy aviation and all it has to offer.*