



AIRCRAFT OWNERS AND PILOTS ASSOCIATION
421 Aviation Way • Frederick, Maryland 21701-4798
Telephone (301) 695-2020 • Fax (301) 695-2375
phil.boyer@aopa.org

Phil Boyer
President

December 12, 2007

The Honorable John E. Baldacci
Governor of Maine
1 State House Station
Augusta, ME 04333-0001

Re: Sales and Use Tax Issues Relating to General Aviation Aircraft

Dear Governor Baldacci:

I write to you again as President of the Aircraft Owners and Pilots Association (AOPA), and its more than 414,000 members nationwide, asking for your intervention on a problem related to taxes on general aviation aircraft. Previously, I wrote to you expressing AOPA's concerns about the Maine Revenue Services (MRS) overly aggressive and unreasonable enforcement of Maine's sales and use tax law on general aviation aircraft. Since that time, my staff and other concerned parties have engaged in discussions with members of your administration and the legislature in an effort to change Maine's policy to one that is friendlier to aviation, and economically more advantageous to the state. We greatly appreciate your staff's willingness to meet with us to discuss this important issue.

Earlier this month, in advance of meetings postponed by Maine's recent snowstorm, we had forwarded a number of documents and reports to your staff detailing the economic impact of the aviation industry on various business sectors in the state, as well as the legal rationale for changing Maine's current enforcement policies. It is important to note that other northeastern states have recognized these economic benefits and their respective legislatures have or are considering repealing or reducing sales and use tax laws to stimulate economic activity and development.

In addition, we continue to believe that the legal basis for the current enforcement policy is seriously flawed. The MRS view of the law seems to be inconsistent with common interpretations of the Commerce Clause of the United States Constitution and the language of the statutes themselves. We believe the reading of the law that we have suggested to your staff, would allow the State of Maine to apply the existing sales and use tax exemptions in a different manner, which, in large measure, would resolve many of these issues without the necessity of enacting new legislation. We hope you will agree that Maine can and should recognize that the use tax should not be applied to

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these aircraft because by their nature they are transient, and never truly located in the state. There has been no attempt to avoid Maine sales tax, because these aircraft are owned, based, and largely operated outside the state. We urge you to ask your staff and the Attorney General's office to carefully review the legal analysis that was submitted to your office. After doing so, we hope that you will be able to reconsider and reverse the MRS current policies.

In the interim, many nonresidents have appealed the legal basis for their tax assessments. The MRS is currently reviewing these matters, and may render decisions at any time. While these matters are being further considered, we respectfully suggest that you direct them to hold any additional decisions or enforcement actions in abeyance.

We continue to believe that with the right tax and business climate, general aviation and nonresident pilots can play an ever-increasing role in Maine's prosperity. In fact, AOPA even now has our annual sweepstakes aircraft at a prominent Maine aviation business, Oxford Aircraft, where it is being refurbished. We remain ready to work with you on other opportunities to make Maine an important destination for the aviation community if the state acts to create the right economic conditions. In the meantime, if you or your staff have any questions or would like to discuss this matter personally please do not hesitate to contact me or Mr. Greg Pecoraro, our Vice President of Regional Affairs at 301-695-2106.

Sincerely,



Phil Boyer
President

cc: Jerome Gerard, State Tax Assessor
Michael Mahoney, General Counsel
Jack Cashman
John Richardson
David Cole
Senator Courtney
Senator Perry
Senator Rotundo
Senator Nass
Representative Fischer
Representative Piotti