

**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 Transportation Committee

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BILL: SB 1384

INTRODUCER: Senator Bennett

SUBJECT: Taxes

DATE: January 19, 2012      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Abrams	Buford	TR	<b>Favorable</b>
2.			BC	
3.				
4.				
5.				
6.				

**I. Summary:**

The bill changes the weight requirements for non-qualified aircraft to receive exemptions from more than 15,000 pounds maximum certified takeoff weight to 2,000 pounds maximum certified takeoff weight. These exemptions apply for labor charges, for the repair and maintenance of non-qualified aircraft, as well as for replacement engines, parts, and equipment. The bill does not affect the current exemptions for qualified aircrafts or rotary wing aircraft.

This bill substantially amends s. 212.08, Florida Statutes.

**II. Present Situation:**

Section 212.08, F.S., provides a long list of exemptions from sales, rental, use, consumption, distribution, and storage taxes. The list includes several aviation-related exemptions. Some of these exemptions are based on the type of aircraft, while others are based on whether, or how long, the aircraft stays in Florida. Two of the current aircraft exemptions delineated in this section are for:

- Aircraft repair and maintenance labor charges – For qualified aircraft,<sup>1</sup> for aircraft of more than 15,000 pounds maximum certified takeoff weight, and for rotary wing aircraft of more than 10,000 pounds maximum certified takeoff weight;<sup>2</sup> and

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<sup>1</sup> “Qualified aircraft” are certain aircraft of less than 10,000 pounds maximum certified takeoff weight. See Section 212.02(33), F.S. To be eligible for the exemptions under s. 212.08(7), F.S., qualified aircraft purchasers or lessees must also comply with s. 212.0801, F.S., requiring participating in university flight training or research programs.

<sup>2</sup> Section 212.08(7)(ee), F.S.; Charges for parts and equipment furnished in connection with such labor charges are taxable, except as otherwise exempt.

- Equipment, parts, and replacement engines used in aircraft repair and maintenance – For qualified aircraft, for aircraft of more than 15,000 pounds maximum certified takeoff weight, and for rotary wing aircraft of more than 10,300 pounds maximum certified takeoff weight.<sup>3</sup>

In order to receive these exemptions, a qualifying entity must submit an affidavit to the seller or repairer, or have the seller or repairer document why the exemption on the repair or replacement engine, equipment or parts is applicable.<sup>4</sup> No consumer certificate of exemption is required.<sup>5</sup>

### III. Effect of Proposed Changes:

The bill changes the weight requirements for non-qualified aircraft to receive exemptions under s. 212.08 (ee) and (rr) from more than 15,000 pounds maximum certified takeoff weight to 2,000 pounds maximum certified takeoff weight. These exemptions apply for labor charges, as well as replacement engines, parts, and equipment, and for the repair and maintenance of non-qualified aircraft. The bill does not affect the current exemptions for qualified aircrafts or rotary wing aircraft.

### 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:

This bill exempts a greater number of aircrafts from taxes related to repair and maintenance labor charges and from taxes imposed for equipment used in aircraft repair and maintenance. Thus, the bill will have a negative impact on tax revenues.

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<sup>3</sup> Section 212.08(7)(rr), F.S.

<sup>4</sup> Email from Mark Zych, Florida Department of Revenue Director of Technical Assistance & Dispute Resolution (January 25, 2012) (on file with Senate Transportation Committee).

<sup>5</sup> *Id.*

**B. Private Sector Impact:**

Entities owning or purchasing non-qualifying and non-rotary aircrafts over 2,000 pounds maximum certified takeoff weight will no longer need to pay any taxes on labor, replacement engines, parts, and equipment, or the repair and maintenance charges that previously were only provided for non-qualifying, non rotary aircrafts of greater than 15,000 pounds maximum certified takeoff weight.

Due to the decrease in net costs of aircraft repairs and replacement parts resulting from this tax exemption, this bill could potentially encourage owners and purchasers of non-qualifying, non exempt aircrafts to repair and replace parts of their aircrafts in Florida. Thus, the bill could have a positive impact on jobs and the workforce in Florida.

**C. Government Sector Impact:**

This bill exempts a greater number of aircrafts from taxes related to repair and maintenance labor charges and from taxes imposed for equipment used in aircraft repair and maintenance. Thus, the bill will have a negative impact on tax revenues.

According to the Department of Revenue, the bill will require a Tax Information Publication posted on the Internet at no additional cost.<sup>6</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>6</sup> Florida Department of Revenue, *2012 SB 1384 Analysis* (January 19, 2012) (On file with Senate Transportation Committee).