

**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 Committee on Commerce and Tourism

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BILL: CS/SB 766

INTRODUCER: Commerce and Tourism Committee and Senator Bean

SUBJECT: Tax on Aircraft Sales or Leases

DATE: January 30, 2018

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Swift	McKay	CM	Fav/CS
2.			AFT	
3.			AP	

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Technical Changes

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**I. Summary:**

CS/SB 766 exempts the sale or lease of all aircraft from the state sales and use tax. The Revenue Estimating Conference has not yet determined the fiscal impact of this bill.

The bill provides an effective date of July 1, 2018.

**II. Present Situation:**

**Florida Sales and Use Tax**

Florida levies a six percent state sales and use tax on the sale or rental of most tangible personal property, admissions, rentals of transient accommodations, rental of commercial real estate, and a limited number of services.<sup>1</sup> In addition to the six percent state sales tax, Florida law authorizes counties to levy a discretionary sales surtax.<sup>2</sup> Sales tax is added to the price of taxable goods or services and the tax is collected from the purchaser at the time of sale.

Chapter 212, F.S., contains statutory provisions that authorize the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or

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<sup>1</sup> Chapter 212, F.S.

<sup>2</sup> Sections 212.054 and 212.055, F.S.

uses under specified circumstances. There are currently more than 250 different exemptions, exclusions, deductions, and credits from sales and use tax.<sup>3</sup>

### **Aircraft Sales and Use Tax Exemption**

Two categories of aircraft are exempt from tax. Aircraft with a maximum certified takeoff weight of more than 15,000 pounds<sup>4</sup> and used by a common carrier<sup>5</sup> and qualified aircraft are exempt from sales and use tax. The term “qualified aircraft” means any aircraft having a maximum certified takeoff weight of less than 10,000 pounds and equipped with twin turbofan engines that meet Stage IV noise requirements. The qualified aircraft must be used by a business operating as an on-demand air carrier under Federal Aviation Administration Regulation Title 14, chapter I, part 135, Code of Federal Regulations, that owns or leases and operates a fleet of at least 25 of such aircraft in this state.<sup>6</sup>

### **III. Effect of Proposed Changes:**

CS/SB 766 exempts the sale or lease of all aircraft from the state sales and use tax. The Revenue Estimating Conference has not yet determined the fiscal impact of this bill.

The bill provides an effective date of July 1, 2018.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

Article VII, section 18 of the Florida Constitution governs laws that require counties and municipalities to spend funds or that limit their ability to raise revenue or receive state tax revenue.

Subsection (b) of Article VII, section 18 of the Florida Constitution provides that, except upon approval by each house of the Legislature by two-thirds vote of its membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, these

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<sup>3</sup> Legislative Office of Economic and Demographic Research, *Florida Tax Handbook*, (2017), available at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2017.pdf> (last visited Jan. 26, 2018).

<sup>4</sup> An example of an airplane with a maximum takeoff weight of 15,000 pounds is the King Air 350i. The King Air seats a maximum of 11 passengers, is 46 feet and eight inches long, and 14 feet and four inches tall. Beechcraftm, *King Air 350i*, <http://beechcraft.txtav.com/en/king-air-350i/#Specs> (last visited January 26, 2018).

<sup>5</sup> A “common carrier” means an airline operating under Federal Aviation Administration regulations contained in Title 14, chapter I, part 121 or part 129 of the Code of Federal Regulation.

<sup>6</sup> Section 212.02, F.S.

requirements do not apply to laws that have an insignificant fiscal impact on local governments, which for Fiscal Year 2018-2019, is \$2.1 million or less.<sup>7,8,9</sup>

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

The Revenue Estimating Conference has not yet determined the fiscal impact of the bill.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 212.08(7)(ss) of the Florida Statutes.

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<sup>7</sup> FLA. CONST. art. VII, s. 18(d).

<sup>8</sup> An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year times \$0.10. See Florida Senate Committee on Community Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Jan. 26, 2018).

<sup>9</sup> Based on the Demographic Estimating Conference's population adopted on December 5, 2017. The conference packet is available at <http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf> (last visited Jan. 26, 2018).

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Commerce and Tourism Committee on January 29, 2018:**  
The committee substitute makes technical changes to clarify the title of the bill.

- 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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