I. Summary:

SB 1192 repeals the excise tax imposed on aviation fuel, aviation gasoline, and kerosene sold or brought into the state.

The bill takes effect July 1, 2020.

II. Present Situation:

Aviation Fuel Tax in Florida

Part III of ch. 206, F.S., imposes an excise tax of 4.27 cents per gallon on aviation fuel, aviation gasoline, and kerosene sold in or brought into the state. The fuel sales tax, constitutional fuel tax, county fuel tax, and municipal fuel tax are also imposed when aviation fuel is handled under certain circumstances.

Tax exemptions and credits are authorized under several conditions:

- Airline fuel sold to certain qualified colleges and universities and exclusively used for flight training is exempt from the excise tax. A supplier that sells aviation fuel to a qualified...
college or university and does not collect the excise tax may receive an ultimate vendor credit for the 4.27-cent excise tax previously paid.³

- Kerosene prepackaged in containers of 5 gallons or less sold for home heating and cooking is exempt from the excise tax. Packagers may qualify for a refund of taxes previously paid.⁴

- An air carrier conducting certain scheduled operations or all-cargo operations is entitled to a refund of 1.42 cents per gallon of the excise taxes imposed on aviation fuel purchased by such a carrier.⁵

- An air carrier transporting persons or property for compensation is entitled to a refund, not to exceed 0.6 percent of the wages paid by the carrier to certain employees, of the excise taxes imposed on aviation fuel purchased by such a carrier.⁶

- The tax refund provided to an air carrier may not exceed 4.27 cents per gallon of aviation fuel purchased by the carrier.⁷

Every retail dealer selling aviation fuel to the public must clearly post on each pump or dispensing device the price of the aviation fuel and whether the price includes tax.⁸

The excise tax on aviation fuel was created in 1985. In 1996, in an attempt to attract new airlines to the state, the Legislature established an aviation fuel tax credit for air carriers offering transcontinental jet services that increased their Florida workforces by more than 1000 percent. The original tax credit expired in 2001 and was reauthorized without an expiration date after the events of September 11, 2001. Chapter 16-220, L.O.F., provided that carriers may not qualify for the tax credit after 2016 but may continue receiving the credit until 2019, after which the tax credit expired and the excise tax on aviation fuel decreased from 6.9 to 4.27 cents per gallon.

The Transportation Revenue Estimating Conference reported $56,400,000 in gross revenue from the aviation fuel excise tax in Fiscal Year 2018-2019. After $12,800,000 in tax credits and refunds were distributed and $3,700,000 in administrative fees and service charges were deducted, $39,900,000 was transferred to the State Transportation Trust Fund.⁹

**Aviation Fuel Tax in Other States**

All but ten states impose a specific tax on aviation fuel. Oklahoma (.08 cents per gallon), Georgia (.01 cents per gallon), and Hawaii (.01 cents per gallon) impose some of the lowest taxes, and Vermont (31.01 cents per gallon), Maine (30 cents per gallon), and Massachusetts (25.3 cents per gallon) impose the highest taxes. Florida’s tax is the ninth lowest state tax on aviation fuel.¹⁰

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³ Section 206.9825(1)(b), F.S.
⁴ Section 206.9825(2)(c), F.S.
⁵ Section 206.9826, F.S.
⁶ Section 206.9855, F.S.
⁷ Supra note 3.
⁸ Section 206.9837, F.S.
III. **Effect of Proposed Changes:**

**Section 1** repeals part III of chapter 206, F.S., to remove the excise tax imposed on aviation fuel, aviation gasoline, and kerosene sold or brought into the state.

**Section 2** amends s. 163.3206(2)(a), F.S., relating to fuel terminal infrastructure, to remove a reference to the definition of “aviation fuel” in s. 206.9815, F.S., which is deleted by section 1 of the bill. The reference is replaced with the same definition of the term.

**Sections 3, 4, 5, 6, 7, 8, and 9** make conforming changes to statutes containing references to the repealed provisions.

**Section 10** provides an effective date of July 1, 2020.

IV. **Constitutional Issues:**

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

The bill does not require counties or municipalities to spend funds or to take an action requiring expenditure, does not reduce the authority of municipalities and counties to raise revenues, and does not reduce the percentage of a state tax shared with municipalities and counties. Counties and municipalities do receive shares of certain state taxes on aviation fuel, but not the excise tax on aviation fuel that the bill would repeal. Deposits of the aviation fuel tax to the State Transportation Trust Fund are dedicated to aviation-related purposes. The provisions of Article VII, Sections 18(b) and (c) of the Florida Constitution do not apply to the bill.

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

None.

C. **Trust Funds Restrictions:**

None.

D. **State Tax or Fee Increases:**

None.

E. **Other Constitutional Issues:**

None.

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V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet met regarding the bill.

B. Private Sector Impact:

Dealers and purchasers paying the excise tax on aviation fuel will realize savings.

C. Government Sector Impact:

The bill will decrease deposits to the State Transportation Trust Fund by an indeterminate amount.

The Department of Revenue estimates that $85,113 in nonrecurring funds would be required to modify the department’s tax systems in order to comply with the bill’s provisions.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 163.3206, 206.42, 206.9915, 207.003, 207.005, 213.053, 332.007, and 332.009.

This bill repeals the following sections of the Florida Statutes: 206.9815, 206.9825, 206.9826, 206.9835, 206.9837, 206.9845, 206.9855, 206.9865, and 206.9875.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.