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POSITION STATEMENT

House Bill 16 - Sales and Use Tax - Aircraft Parts and Equipment – Exemption
House Ways and Means Committee
January 16, 2020

The Rural Maryland Council **SUPPORTS** House Bill 16 - Sales and Use Tax - Aircraft Parts and Equipment – Exemption. This bill provides an exemption from the sales and use tax for materials, parts, or equipment used to repair, maintain, or upgrade aircraft or the avionics systems of aircraft if the materials, parts, or equipment are installed on the aircraft. The bill also requires the Comptroller to report to the General Assembly by December 31 each year on the amount of sales and use tax revenue lost from the exemption and any change to the number of aviation technicians employed in the state as a result of the exemption.

A study published by the Maryland Aviation Administration reports that the Maryland airport system consists of Baltimore/Washington International Thurgood Marshall Airport, Martin State Airport, and 35 general aviation airports. The study estimated that these airports are responsible for over 107,000 direct and indirect jobs, \$7.8 billion in business revenue, and approximately \$590 million in State and local tax revenues.

In addition, the 2012 Economic Census lists 12 businesses in Maryland involved in aerospace product and parts manufacturing. The Maryland Comptroller's Office reports that, according to data from the National Business Aviation Association, there are (1) approximately 11,000 workers employed in the general aviation industry, (2) 24 Federal Aviation Administration certified repair stations, and (3) over 2,500 active general aviation aircraft in Maryland.

Rural Maryland hosts a number of regional airports. Salisbury-Ocean City Wicomico Regional Airport (Salisbury Regional Airport) spans 1,081 acres and is the second largest airport in Maryland. Salisbury Regional Airport supports 1,300 direct and indirect jobs in the area and generates approximately \$84 million in revenue annually. Hagerstown Regional Airport in Washington County offers passenger service in Western Maryland. The Federal Aviation Administration reports this airport hosted 10,665 passenger boardings in 2010. In the year ending March 31, 2011 the airport had 43,035 aircraft operations, an average of 117 per day: 79% of which were general aviation, 11% military, and 10% air taxi. 129 aircraft were based at Hagerstown: 94% single-engine, 4% jet, and 2% ultralight. Hagerstown Regional Airport also hosts a branch of the Pittsburgh Institute of Aeronautics. Ranked by Forbes as a Top Two-Year Trade School in 2018, PIA has produced aircraft mechanics and avionics technicians to enter the workforce in aviation maintenance, electronics, and other related fields since 1929.

HB 16 will boost Maryland's economic development by encouraging investment in expanded aviation infrastructure and workforce. The Council respectfully requests your favorable support of HB 16.

The Rural Maryland Council (RMC) brings together citizens, community-based organizations, federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of Rural Maryland communities. We provide a venue for members of agriculture and natural resource-based industries, health care facilities, educational institutions, economic and community development organizations, for-profit and nonprofit corporations, and government agencies to cross traditional boundaries, share information, and address in a more holistic way the special needs and opportunities in Rural Maryland.

"A Collective Voice for Rural Maryland"