

January 15, 2020

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis MD 21401

RE: Letter of Support – Senate Bill 121 – Sales and Use Tax – Aircraft Parts and Equipment – Exemption

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation Maryland Aviation Administration (MDOT MAA) supports Senate Bill 121 as it will reduce the cost of aviation materials, parts, and equipment purchased and installed in the State. Encouraging airplane owners to have repairs performed in Maryland rather than flying to surrounding states that have these tax exemptions will make Maryland's small aviation businesses competitive.

The tax exemption provided by Senate Bill 121 offers an immediate incentive and value to aircraft owners and operators in our State. The entire Maryland airport system – consisting of 35 public-use airports and the businesses on these airports, including Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) – stand to benefit from this exemption.

Maryland's public-use airports (excluding BWI Marshall) are responsible for over 9,900 direct and indirect jobs, support \$867 million in business revenue, and generate approximately \$131 million in state and local tax revenues. Passage of this bill is expected to increase the \$271 million in local purchases currently attributed to these regional airports.

Presently, Pennsylvania, Virginia, New Jersey, and Delaware all provide tax exemptions for aircraft materials, parts, and equipment.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 121 a favorable report. Should there be any questions or concerns, please do not hesitate to contact the Department.

Respectfully submitted,

Dale Hilliard
Chief, Policy and Corporate Affairs
Maryland Aviation Administration
410-859-7060

Jeff Tosi
Director of Government Affairs
Maryland Department of Transportation
410-841-2850