



14 January 2020

Senate Budget and Taxation Committee
3 West Street
Miller Senate Office Building
Annapolis, Maryland 21401

Sent via Electronic Submission:

Re: AOPA Support for S.121

Honorable Chairman Senator Guzzone and esteemed members of the Senate Budget and Taxation Committee.

My name is Sean Collins and I am the Eastern Regional Manager for the Aircraft Owners & Pilots Association (AOPA). We are the world's largest aviation membership organization representing the general aviation interests of 330,000 aircraft owners and pilots across the country, including more than 5,000 of our members in the state of Maryland. On behalf of these members, **AOPA supports Senate Bill 121.**

General Aviation is a mobile industry. While convenience is a chief concern, expense is the principal motive—even if it means leaving or skipping over Maryland to save money in neighboring states. For this reason, competition at airports across state lines is fierce. The opportunity for a state to increase its competitive edge over its neighbor-states is limited, making the necessity to keep-pace, vital. To remain competitive in a region filled with aviation-friendly states, Maryland needs a targeted exemption on the sales of aircraft parts and components.

The cost of aircraft parts is typically uniform across a region. The primary difference in cost to the consumer is a combination of tax and convenience. Given that the cost of typical aircraft maintenance can range anywhere from \$500 to \$500,000 and up, depending on the type of service rendered, the difference of taxes can be significant. As a result of the opportunity for savings, aircraft owner/operators often acquire these services out of state. As Maryland's aviation businesses lose out, so to do their host airports—many of which are municipally owned. In fact, of the 13 northeastern most states from Maine to the Virginias, only Maryland and Delaware tax aircraft parts, however, Delaware's sales tax is less than 1%.

Therefore, to keep pace with the competitive advances of neighboring states, eliminate a competitive disadvantage to local aviation businesses and to take advantage of the growing demand for business aviation, **AOPA supports Senate Bill 121.**

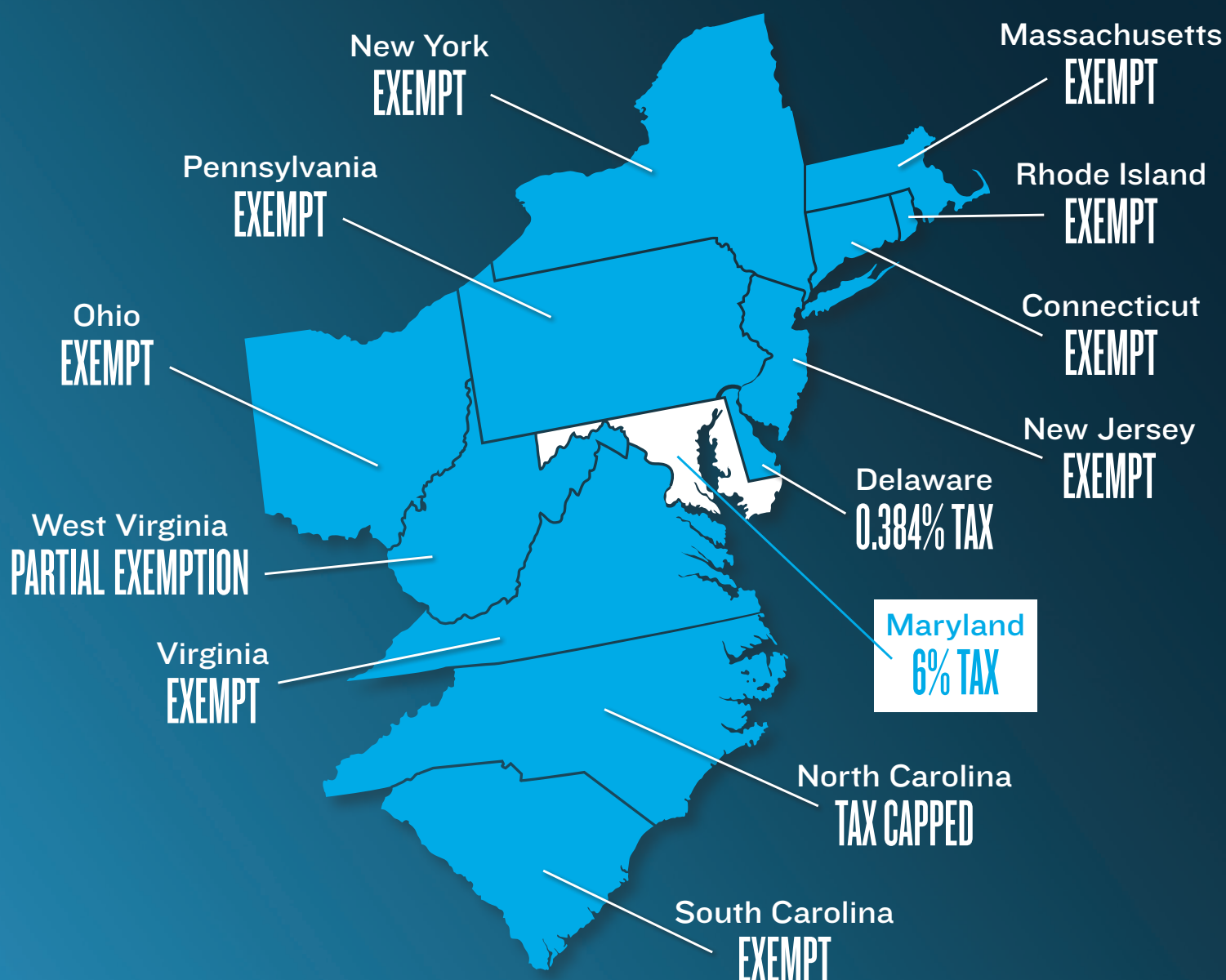
Sincerely,

Sean M. Collins, AOPA
Eastern Region Manager



EAST COAST TAX COMPARISON.

General Aviation is a mobile industry, and state sales tax matters greatly when it comes to where aircraft operators choose to maintain and base their aircraft. While convenience is a chief concern, expense is the principal motive—even if it means leaving or skipping over Maryland to save money in neighboring states. To be competitive in a region with aviation-friendly states, Maryland's tax rate needs to re-examined.





MARYLAND PARITY

FLY MORE! SPEND LESS.

Maryland Has:



5385 AOPA members



2,346 Based aircraft



35 General aviation airports



20 Maintenance facilities



50% of Maryland's airports
offer maintenance services

Avionics Replacement Estimate given by Maryland Resident

Receipt

Date: 06/01/2019

In Maryland - Parts \$16,264.55
Tax = \$975.87

In Pennsylvania - Parts \$15,934.00
Tax = 0

In Ohio - Parts \$16,995.00
Tax = 0

The difference in part price is small,
but the perception on the tax is huge!

Pilots can easily reach repair shops
in Ohio, Pennsylvania, Virginia,
Delaware and New Jersey and not pay
a sales tax on repair parts.

Quoted from aircraft repair estimate
given by a shop in Pennsylvania:
*"Note 1) All above pricing is
PA Sales Tax exempt!"*

**Protect Maryland Jobs. Promote Maryland
Aviation. Support Maryland Businesses.**



LEGISLATIVE WEIGHT LIMITS

MARYLAND S.121 / H.16



King Air 250



Cessna Citation CJ3



Boeing 737



12,500 lbs max gross weight limit



Piper Cub



Cirrus SR22



Piper Aztec