February 2, 2024

Chair, Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street, Annapolis, MD 21401-1991

RE: Sales and Use Tax Exemption – Aircraft Parts and Equipment

To Whom It May Concern,

The true size and scope of the aircraft maintenance and repair business-footprint in Maryland has perhaps not been well understood by the state's legislature. I shall attempt to briefly describe Hagerstown's historic role and contributions below.

Washington County has had a rich history in the aircraft and aviation industry dating back to the 1920s. Especially prominent were the operations of the Fairchild Aircraft Company, a leading manufacturer of military and civilian aircraft during World War II and the decades afterward. Hagerstown was also famous as the birthplace of Dick Henson and his innovation we now know as the Commuter Airline model. Later his Henson Airlines company relocated to Salisbury and is now known as "Piedmont Airlines".

Today, Hagerstown (HGR) serves as one of the largest bases of aviation employment in the State of Maryland. It could also be the largest center of civilian-sector aviation maintenance-related employment. Also, as one of the largest and most developed airports in our state, HGR accounts for one of the largest total economic impacts among Maryland's 33 public-use airports, ranking 2nd or 3rd in the state after Baltimore-Washington International Airport. ***Each year, HGR's tenant businesses contribute some $300-$350 million in annual impact to our local and state economies.***

Here below is a partial list of the companies with aircraft maintenance-related operations at HGR:

- **Pittsburgh Institute of Aeronautics (PIA)** – *Maryland's first and exclusive FAA-certified Part 147 Airframe & Powerplant training provider.*
- **Sierra Nevada Corporation (SNC)** *Part 145-certified. 450 jobs. government contract work. integrated mission systems aircraft modification, FAA Certification, project management, engineering, manufacturing.*
- **Royal Aircraft Services, LLC** – *Part 145-certified. aircraft painting, corrosion removal, detailing, hail damage repairs, overhaul, parts sourcing, annual inspections, altimeter & transponder certifications, aircraft and engine repair and maintenance. authorized Cirrus service & paint warranty center.*
- **Plane Care, LLC** – *Part 145-certified. aircraft maintenance and repair, painting, interiors, avionics, aircraft brokerage, damaged aircraft retrieval, airframe repair, engine repair, inspections, modifications.*
- **DS Technologies, LLC. ("DST") /Aviation Solutions of America, Inc./ M84.** *Part 145 – certified. aircraft modifications. government contract work.*
- **South Mountain Aviation** – *aircraft maintenance and repair, jet maintenance, avionics.*
- **Terry's A&P Service** – *aircraft maintenance and repair, inspections.*
- **R&M/REH Enterprises** – *aircraft maintenance and repair, inspections.*
- **AirTech, LLC.** – *Part 145-certified. Large airliner maintenance and repair, inspections, painting, avionics, interiors*

- **Life Support Systems, LLC** - *Part 145-certified. life raft repairs.*
- **Telford Aviation** - *Part 145-certified. www.Telford.aero*
- **MAG Aerospace/MAG, Inc.**
- **Rider Jet Center, Inc.** – *full-service FBO with available maintenance services*
- **Martin's Famous Potato Shoppe, Inc**. - *Part 145-certified.*

Of interest to legislators should also be the wages earned by aviation-maintenance-sector workers in Maryland. According to 2022 data published by the United States Bureau of Labor Statistics (BLS), Maryland is home to some 1,550 Aircraft Mechanics and Service Technician jobs with those individuals earning the second-highest annual mean wage among the fifty US states ($41.34 hourly or $85,980 annually). Source: https://www.bls.gov/oes/current/oes493011.htm)

In the past, HGR-based businesses lost out on sales opportunities to other states that already enjoyed this tax exemption. Today, nearly all the surrounding states and those in the northeast enjoy broad tax exemptions on maintenance and repair parts and labor. HGR and the Maryland aviation community have experienced the positive benefits of the multi-year exemption measure that was enacted just a few years ago. We ask that this be continued and additionally urge you to consider making the exemption a permanent change.

As aircraft are, by definition, an extremely mobile commodity, aircraft owners can and do fly easily to other maintenance and repair businesses in neighboring, competing states to obtain their needed services. As a relatively small, compact state, a few minutes in the air saves pilots hundreds or in some cases thousands of dollars to procure aviation-maintenance services in other states such as Pennsylvania or Virginia. We ask that the legislature consider supporting Maryland's aviation maintenance and repair businesses so we can keep those spent dollars here within our state and that this vital revenue doesn't, quite literally "fly away".

We believe making the tax exemption permanent will stimulate aviation-sector jobs, increase revenue, and help our state's businesses to grow. Thank you for your support.
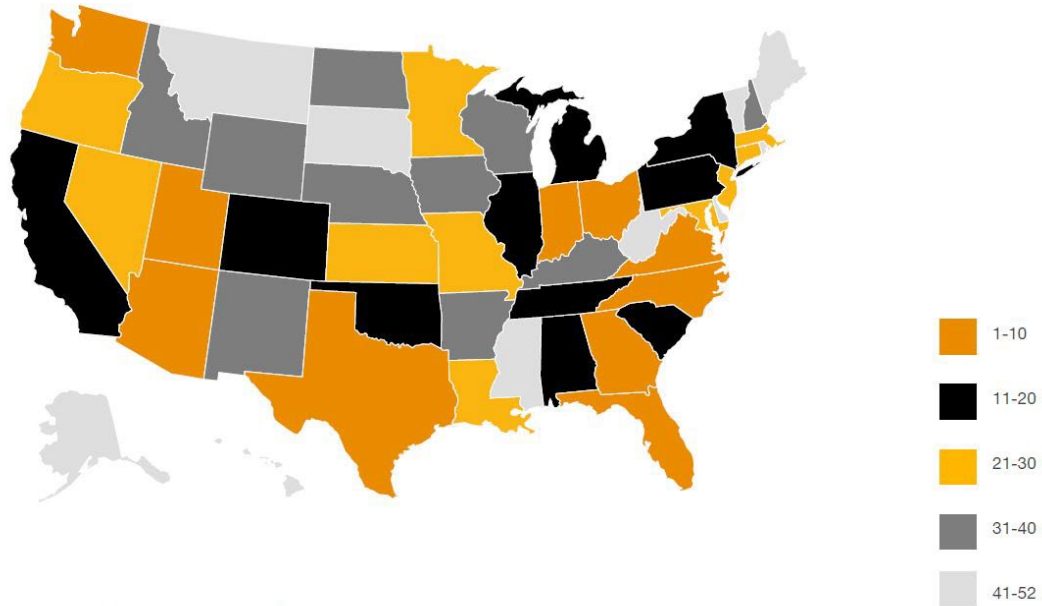
Should you have any questions or need additional information, please feel free to contact me at (240) 313-2764 or n.doran@flyHGR.com.
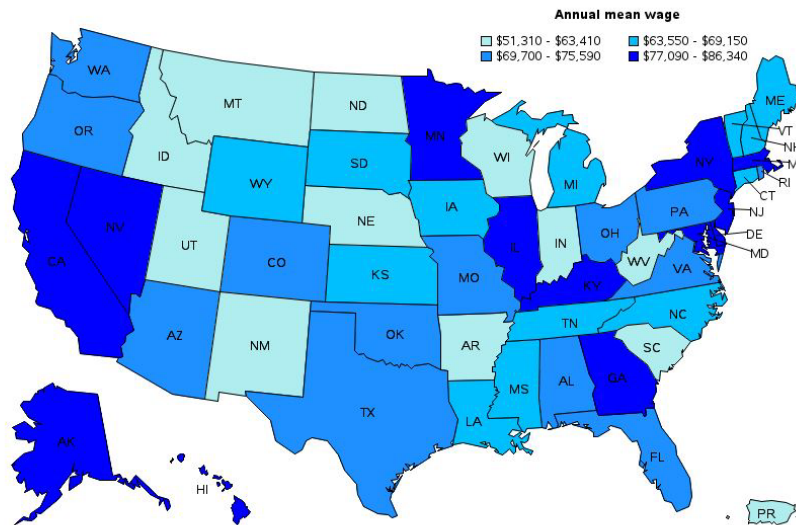
Sincerely,

Neil R. Doran, C.M., A.C.E., A.S.C.
Airport Director

Source: https://www.pwc.com/us/en/industries/industrial-products/library/aerospace-manufacturing-attractiveness-rankings.html

State rankings

Legend:
- 1-10
- 11-20
- 21-30
- 31-40
- 41-52

19 2022 Aerospace manufacturing attractiveness rankings

Annual mean wage of aircraft mechanics and service technicians, by state, May 2022

Annual mean wage
- $51,310 - $63,410
- $63,550 - $69,150
- $69,700 - $75,590
- $77,090 - $86,340

Blank areas indicate data not available.

Top paying states for Aircraft Mechanics and Service Technicians:

State	Employment (1)	Employment per thousand jobs	Location quotient (9)	Hourly mean wage	Annual mean wage (2)
New Jersey	1,720	0.42	0.46	$ 41.51	$ 86,340
Maryland	1,550	0.59	0.65	$ 41.34	$ 85,980
New York	3,220	0.35	0.39	$ 40.35	$ 83,920
Nevada	1,580	1.12	1.23	$ 39.76	$ 82,690
Illinois	3,480	0.59	0.65	$ 39.49	$ 82,140