



TOWN OF OCEAN CITY

The White Marlin Capital of the World

MAYOR
Richard W. Meehan

CITY COUNCIL

Matthew M. James
President

Anthony J. DeLuca
Secretary

Peter S. Buas
John F. Gehrig, Jr.
J. Franklin Knight
Carol Proctor
Will Savage

CITY MANAGER
Terence J. McGean, PE

CITY CLERK
Diana L. Chavis, CMC

**MD 2024 SB 0574 - HB 0557 Sales Tax Exemption - Aircraft Parts and Equipment -
Repeal of Reporting Requirement and Sunset**

Senate Bill

**MD 2024 SB 0574 Sales and Use Tax Exemption - Aircraft Parts and Equipment -
Repeal of Reporting Requirement and Sunset**

Date of Hearing: 02/07/24 2:00 PM Senate Budget & Taxation Committee

Chairman / Senator Guy Guzzone & Vice Chair / Senator Jim Rosapepe

&

House Bill

**MD 2024 HB 0557 Sales and Use Tax Exemption - Aircraft Parts and Equipment -
Repeal of Reporting Requirement and Sunset**

Date of Hearing: 02/08/24 1:00 PM House Ways & Means Committee

**Chairwoman / Delegate Vanessa E Atterbeary & Vice Chair / Delegate Jheanelle K.
Wilkins**

Dear Delegate Wilkins,

I respectfully write to the Committee today and its members for a favorable report for MD 2024 SB 0574 - HB 0557 Sales Tax Exemption - Aircraft Parts and Equipment - Repeal of Reporting Requirement and Sunset

The aviation industry in America is a staple to our country's economy; as of 2020 there are over 20,000 airports in the US. The industry supports over 6.5 million jobs in the US and generates over \$700 billion dollars in revenue towards the GDP. Right now, there are forecasts for 2024 that Air travel is expected to jump from 4.5 billion travelers in 2019 to 4.7 billion travelers this year worldwide.

Of the 34 public-use aviation facilities in the State of Maryland, there are 3 Air Carrier Airports, 6 Reliever Airports, 15 General Airports, 8 Local Airports, and 2 Special Facilities. In addition to the 34 public-use aviation facilities in the Maryland Aviation System Plan, there are 182 private-use aviation facilities in the State, including airports,

P.O. Box 158, Ocean City, Maryland 21843-0158 | oceancitymd.gov | City Hall: (410) 289-8221 | Fax: (410) 289-8703

heliports, and a seaplane base. Civil aviation supports the Maryland state economy through economic output by attracting business and tourism, supporting local economic development, and helping retain jobs that otherwise might be located elsewhere. The Maryland Aviation Administration (MAA) published the Economic Impact of Public Use Airports in Maryland in December 2018, which identified the following total combined annual impacts for 34 Maryland airports, excluding Baltimore/Washington International Thurgood Marshall Airport (BWI):

- Total Jobs: 9,929
- Personal Income: \$582.8 million
- Business Revenue: \$867.1 million
- Local Purchases: \$271.7 million
- State and Local Taxes: \$131.4 million

Separately, a 2015 estimate of economic impact from BWI alone produced the following impacts:

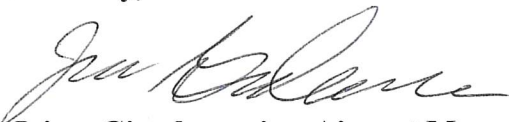
- Total Jobs: 97,737
- Personal Income: \$3.8 billion
- Business Revenue: \$7 billion
- Local Purchases: \$1.6 billion
- State and Local Taxes: \$536 million

In 2020, the State passed a bill to help boost this important industry to exempt sales tax on aircraft parts, making our State the 10th in the eastern region to pass this legislation. This legislation has helped drive competition, increase jobs, and aviation volume across the State. However, this legislation had a sunset provision; thus, this legislation would keep the momentum that we helped create in 2020 intact by simply reversing the sunset provision.

Furthermore, in 2023, the University of Maryland Eastern Shore (UMES), Piedmont Airlines, and Salisbury Wicomico Economic Development (SWED) partnered to create a workforce development program to innovate the next generation of workers in our State to become certified aircraft maintenance technicians. To strengthen our workforce in this important industry, this legislation will help make this program and similar programs in the State be more successful.

In closing, I respectfully ask the Committee for a favorable report for MD 2024 SB 0574 - HB 0557 Sales Tax Exemption - Aircraft Parts and Equipment - Repeal of Reporting Requirement and Sunset.

Sincerely,



Jaime Giandomenico, Airport Manager
Ocean City Municipal Airport
Maryland Aviation Council, Board of Directors, Ex-officio