



HB18-1083 Sales and Use Tax Exemption for On Demand Aircraft Fact Sheet:

Currently, under Colorado law, aircraft used in interstate commerce by a scheduled commercial airline are exempt from sales and use tax. See C.R.S. § 39-26-711. This exemption applies to state, Regional Transportation District/Scientific and Cultural Facilities District, county and state-collected local taxes.

A scheduled commercial airline is defined as an airline carrying freight or passengers on regularly scheduled flights for a fee. See C.R.S. § 39-4-101(2). Commercial on-demand air carriers, commonly referred to as air charter or air taxi operators and operated under 14 C.F.R. Part 135, generally fall outside of the definition of a scheduled commercial airline by virtue of their “on-demand” flight operations as opposed to “regularly scheduled” flights. Therefore, purchases of aircraft utilized in commercial on-demand air carrier operations cannot avail themselves of the sales and use tax exemption under C.R.S. § 39-26-711. HB 18-1083 corrects this imbalance by applying the rules equally within the industry.

In 2017 CABA surveyed on-demand operators in Colorado to provide the figures below

- The exemption only applies to aircraft placed on a 100% lease for a minimum of two years with a FAR part 125, 133, and part 135 on demand service.
- This exemption applies only to the state 2.9% sales and use tax. Regional Transportation District/Scientific and Cultural Facilities District, county and state-collected local taxes would not be exempted under HB18-1083.
- Passage of this legislation could result in an at least 6 aircraft being moved into Colorado within the first year alone. These aircraft are currently being used outside of the state, limiting their economic benefit to Colorado.
- It takes 5.26 jobs to support a single aircraft. This included pilots, mechanics, and other professional support staff.
- Each aircraft will produce salaried jobs averaging approximately \$550,000 per year.
- Operators reported that a single aircraft would have an approximate operating budget of \$1,600,000 in variable expenses of which 70% would remain in the state.
- An aircraft costing \$1,000,000 would result in a tax savings on the aircraft of \$29,000. This same aircraft will now add an additional \$25,465 in employment taxes, in addition to new hangar construction and property tax, fuel taxes and other taxes not exempt under this legislation.
- On-demand operations that could benefit from this legislation include charter operators, medical transport aircraft (critical care helicopters and fixed wing aircraft), on demand air cargo, and aerial firefighting aircraft.
- Airports and surrounding communities will benefit from additional operations, including new hangar construction, increased fuel flowage, and food and other support services on and around the airport influence area -- all subject to sales and/or property tax.





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