



Senate

General Assembly

File No. 553

February Session, 2006

Substitute Senate Bill No. 520

Senate, April 19, 2006

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING AVIATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (76) and (77) of section 12-412 of the 2006
2 supplement to the general statutes are repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2006*):

4 (76) Sales of and the storage, use or other consumption of repair or
5 replacement parts exclusively for use (A) [(i)] in aircraft owned or
6 leased by a certificated air carrier, [or (ii) in aircraft having a maximum
7 certificated takeoff weight of six thousand pounds or more] or (B) in
8 the significant overhauling or rebuilding of aircraft or aircraft parts or
9 components on a factory basis.

10 (77) Sales of aircraft repair services when such services are rendered
11 in connection with (A) [(i)] aircraft owned or leased by a certificated air
12 carrier, [or (ii) aircraft having a maximum certificated takeoff weight of
13 six thousand pounds or more] or (B) the significant overhauling or

14 rebuilding of aircraft or aircraft parts or components on a factory basis.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	12-412(76) and (77)

TRA *Joint Favorable C/R* FIN

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Gain	2,000,000	2,000,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill eliminates certain sales tax exemptions for repair and replacement of parts and other aircraft services for use in aircraft having a maximum certified takeoff weight of 6,000 lbs. or more will result in a revenue gain of approximately \$2 million per year beginning in FY 07.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$	FY 11 \$
Department of Revenue Services	GF - Revenue Gain	2,000,000	2,000,000	2,000,000

Note: GF=General Fund

Municipal Impact: None

OLR Bill Analysis**sSB 520*****AN ACT CONCERNING AVIATION.*****SUMMARY:**

Currently, sales of aircraft repair services and sales and storage, use, or other consumption of repair or replacement aircraft parts are exempt from the sales and use tax when used (1) exclusively in aircraft (a) owned or leased by a certificated air carrier or (b) with a maximum certificated takeoff weight of 6,000 pounds or more or (2) in the significant overhauling or rebuilding of aircraft or aircraft parts or components on a factory basis. This bill eliminates the exemption for aircraft with certificated takeoff weights of 6,000 pounds or more, thus making all aircraft that are not certificated air carriers subject to the tax. The exemption for factory overhauling or rebuilding of aircraft or aircraft components is unchanged by the bill.

EFFECTIVE DATE: July 1, 2006

BACKGROUND***Certificated Air Carriers***

A “certificated” air carrier is one that holds a certificate of public convenience and necessity issued by the Federal Aviation Administration to conduct interstate air carrier services. These could be scheduled, unscheduled, or air taxi services, depending on the type of certification.

Certificated Takeoff Weight

Every type of aircraft has a maximum certified takeoff weight based on a type certification issued by the Federal Aviation Administration to the manufacturer. The type certification is part of a federal review process that determines an aircraft’s airworthiness.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Change of Reference

Yea 30 Nay 0 (03/13/2006)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (04/04/2006)