



Introduction

By way of introduction, my name is Joel Estelle. I am employed by Atlantic Aviation Services and represent the General Aviation industry that exists and operates in the State of Connecticut. Our industry encompasses FBOs (Fixed Based Operators, such as ourselves) that hangar and provide fuel and services to all general aviation aircraft, aircraft maintenance and repair shops, aircraft parts sales, aircraft avionics and instrument repair, flight schools, aircraft charter business, aircraft sales, and a vast number of other business that supplement the services we provide.

Issue At Hand

Governor Malloy has proposed in his budget two bills, Connecticut HB 6384 and SB 1007 that will have a significant negative impact on our business in the State. A quick analysis has revealed that the direct impact of these bills would result in **the loss of 230 jobs** in the State and many more indirectly.

Connecticut HB 6384 An Act to Impose Property Tax on All Aircraft

Our industry is considerably different than any other in the fact that our customers are highly mobile. By this we are saying that the aircraft owner has the flexibility and ability to move and relocate his aircraft anywhere. There is nothing that anchors them to a particular location and requires that geographically they be located one place versus another. While having the aircraft located in close proximity to the company business or to the home of the individual is preferred, the cost of basing the aircraft at a particular airport is the driving factor. In 2006, the State changed its tax structure on aircraft that replaced the property tax with a registration fee. This generated a great influx of aircraft from neighboring States, such as Rhode Island, Massachusetts, and New York, by owners and operators that chose to locate their aircraft in Connecticut because of the tax friendly environment. Changing this legislation will simply reverse that flow and move those aircraft back out of State again. There were a number of businesses that built new hangars and employed additional employees as a result of this new business. Aircraft maintenance and avionics repair business grew as well as a result of the new clientele at their airport. HB 6384 is a bill that would simply eliminate all the growth that been realized and negatively impact an industry that has already suffered tremendously in the current economy. We will be left with empty hangars, diminished fuel sales, parts and maintenance sales that will leave us with no alternative but to reduce our labor force.

Connecticut HB 1007 An Act to Repeal the Aviation Sales Tax on Labor

When this exemption was put in place it had the same impact as the aircraft registration fee. Customers from Long Island, Massachusetts and other States began to bring their aircraft to Connecticut because of our tax friendly climate. The sales tax exception was a great incentive for them to bring their business to Connecticut rather than keeping it at their home base or taking it elsewhere. The reversal of this exemption would have a crippling effect on the maintenance and repair shops based in our State. We cannot emphasize enough the mobility of our clientele. They can easily fly their aircraft elsewhere for service.

We feel that if enough review and research is completed, the negative impact of these two bills will become as evident to you as it is to us. Governor Malloy has stated repetitively that his interest is in creating more jobs in Connecticut. These bills are directly contrary to that direction of growth and prosperity in our State. Additionally, the projected revenue from implementing these bills is really **nonexistent** – the aircraft and the sales will no longer be here to tax. Further



research will also reveal that this approach at gaining additional tax revenue from the aviation industry has failed in other States. Pennsylvania suffered a drastic exodus of aircraft when they imposed similar legislation. Aircraft owners and operators are not limited by State boundaries. They will go where it is most favorable to them to do business.

In Conclusion

The aviation related businesses in Connecticut oppose these two bills. We are asking that the Finance Committee review the arguments we have present and come to the same conclusion that this legislation, if passed, will adversely affect the State of Connecticut and will result in the loss of jobs in our State. The removal of HB 6384 and HB 1007 from Governor Malloy's budget must be done in order to keep the aviation industry a vital part of Connecticut's growth and progress into the future. Keeping jobs in Connecticut must be our mission.

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