



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Expansion of Aviation Sales Tax Exemption.
Bill Number: House Bill 216 (First Edition)
Sponsor(s): Rep. Hardister, Rep. Howard, Rep. Ross, and Rep. Clemmons

SUMMARY TABLE

FISCAL IMPACT OF H.B.216, V.1

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
State Impact					
General Fund Revenue					
Sales and Use Tax	(514,000)	(542,000)	(572,000)	(602,000)	(633,000)
Less Expenditures	-	-	-	-	-
General Fund Impact	(514,000)	(542,000)	(572,000)	(602,000)	(633,000)
NET STATE IMPACT	(\$514,000)	(\$542,000)	(\$572,000)	(\$602,000)	(\$633,000)
Local Impact					
Local Revenue	(247,000)	(260,000)	(275,000)	(289,000)	(304,000)
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	(247,000)	(260,000)	(275,000)	(289,000)	(304,000)

FISCAL IMPACT SUMMARY

Current law exempts from sales tax parts and accessories and related service contracts to commercial aircraft and aircraft with maximum take-off weights between 9,000 pounds and 15,000 pounds. House Bill 216 broadens this exemption to include aircraft with a maximum take-off weight of 2,000 pounds or more. The bill would have an estimated recurring fiscal impact to the General Fund of \$514,000 and \$247,000 across local governments beginning in Fiscal Year 2023-24.

FISCAL ANALYSIS

Any airport or airfield that can store/hangar an aircraft can offer maintenance services. Further, some aircraft owners maintain their own aircraft or have their own technicians perform such services. Using proprietary sales data from an aircraft maintenance vendor, Fiscal Research

computed the projected reduction in State sales tax revenue and the reduction in local sales tax revenue.

TECHNICAL CONSIDERATIONS

None.

DATA SOURCES

Proprietary data from an aircraft parts, accessories, and service contracts vendor.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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