



JIM STEINEKE

ASST. MAJORITY LEADER

STATE REPRESENTATIVE • 5th ASSEMBLY DISTRICT

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P.O. Box 8953
Madison, WI 53708-8953

November 21, 2013

Rep. Steineke Testimony on Assembly Bill 438

Relating to: the sales and use tax exemption for aircraft parts, maintenance and labor. Assembly Committee on Ways and Means

Good morning Chairman Marklein and members of the Committee.

We can all agree that employers who provide good wages, offer career advancement, and support their communities, should expand. The Legislature has the opportunity to encourage the growth of family-supporting jobs by broadening an existing tax break.

Wisconsin's tax code contains a narrow exemption for the sale of aircraft, including parts and labor. But it is only for certain aircraft. (Use by a foreign government, use by a licensed carrier of persons or property in interstate commerce, and use by persons who are not state residents and who remove the aircraft from the state upon the sale). Assembly Bill 438 expands this tax break to all sales of aircraft parts regardless of how the aircraft is used.

The positive economic effects of this exemption would impact the aircraft industry including agricultural aviation. This is an industry made up of small businesses and pilots that use aircraft to aid farmers in producing a safe, affordable and abundant supply of food, fiber and bio-fuel, in addition to protecting forestry and controlling health-threatening pests.

This sales-tax exemption already exists in twenty-three states. All of Wisconsin's surrounding states (except Iowa) exempt aircraft maintenance labor from the sales and use tax. You would actually have to fly over a tax-exempt state (or several) to choose to have your aircraft maintenance taxed in Wisconsin. Wisconsin companies are at a competitive disadvantage and new companies are discouraged from expanding in our state.

In the current economic climate, Wisconsin is facing tough competition with other states and nations to attract new jobs. Aircraft facilities in Wisconsin have a strong reputation for their work product, and our central location attracts business from both coasts. However, when every dollar counts, businesses could choose other states with a more favorable tax code.

This is an exemption that has a proven track record to keep and attract jobs in other states. Recently, Gulfstream alone has expanded in:

- Savannah, GA – 2006 expansion of 1,500 new jobs and \$400 million investment
- Savannah, GA – 2010 expansion of 1,700 new jobs and \$175 million investment
- Westfield, MA – 2011 expansion of 100 jobs and \$25 million investment



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Not only would this exemption encourage growth of established companies, it could also give a boost to small businesses and start-ups like Engineered Propulsion Systems in New Richmond.

The Legislative Fiscal Bureau has estimated the expansion would decrease revenues by approximately \$3 million annually.

We appreciate your thoughtful consideration of AB 438 in an effort to keep and attract family-supporting jobs in our communities by expanding an existing tax exemption.

Issue Statement

Sales Tax Exemption for Aircraft Parts and Labor | State of Wisconsin

Cessna Aircraft Company supports efforts of the Wisconsin legislature to promote pro-aviation competitiveness through the expansion of sales tax exemption to include all aviation maintenance parts and labor as outlined in SB348 and Assembly Bill 438.

About Cessna Aircraft Company

- Since its inception in 1927, Cessna has designed, produced and delivered nearly 200,000 airplanes around the globe.
- This includes 6,500 Citation business jets, making it the largest fleet of business jets in the world.
- Today, Cessna has two principal lines of business: aircraft sales and aftermarket services.
- Aircraft sales include Citation business jets, Caravan single-engine utility turboprops and single-engine piston aircraft.
- Aftermarket services include parts, maintenance, inspection and repair services.
- In 2012, Cessna delivered 571 aircraft, including 181 Citation business jets, and reported revenues of \$3.111 billion. More information about Cessna Aircraft Company is available at cessna.com.

Cessna's operations in Wisconsin

- In response to customer demand, Cessna constructed a service center facility in Milwaukee, Wisconsin, which was opened in 1990.
- The Milwaukee Citation Service Center currently employs 87 team members, who represent 33 professional or technical classifications.
- This year, the facility and expert technicians will support more than 2,000 aircraft through services that range from regularly scheduled maintenance to full engine overhauls and major aircraft inspections.
- The facility supports Cessna Citation business jets and Cessna Caravan single-engine utility turboprops.

Competitive disadvantage

- Wisconsin's classification limiting the sales tax exemption to "commercial carriers" only puts Cessna's Milwaukee facility at a competitive disadvantage in attracting business aviation.
- Aviation sales tax for parts and labor limits potential capital investment opportunities, employment growth, and job stability in the state of Wisconsin.
- Of the 8 Cessna Citation Service Centers across the US, 5 are located in states where aviation maintenance parts and labor are sales tax exempt.
- Businesses choose to take their aircraft to other states to avoid the extra tax burden incurred by current Wisconsin statute.
- A pro-aviation environment in Wisconsin increases the likelihood Cessna would consider expansion opportunities at the Milwaukee facility.

Milwaukee Citation Service Center by the numbers:

▪ Employment:	87
▪ Workforce classifications:	33
▪ Avg. employee tenure:	12.5 yrs
▪ Avg. annual salary:	\$65,500
▪ Opened in:	1990
▪ Building sq. ft.:	45,700
▪ Property sq. ft.:	155,800
▪ Number of Citation Service Centers	
US:	8
International:	5



TO: Chairman Howard Marklein, Committee Members
Assembly Committee on Ways and Means
FR: Greg Laabs, Vice President and General Manager
Gulfstream Aerospace, Appleton facility
DA: November 21, 2013
RE: Gulfstream Aerospace support of AB 438

Good morning, my name is Greg Laabs and I serve as Vice President and General Manager of the Gulfstream Appleton facility. Gulfstream Appleton employs more than 850 technicians, engineers, and support personnel. Our facility provides aircraft service maintenance for small and large jets. Gulfstream has eight (8) total maintenance facilities across the United States, including Wisconsin. Six of those eight states exempt parts and maintenance from the state sales tax.

In addition to providing all types of aircraft maintenance, we manufacture the final completion phase of building aircraft at our Appleton site. In fact, the Appleton facility is the new elite engineering site and nationwide, the premier location for custom interiors.

Competitive disadvantage

- We are surrounded by states that have eliminated the sales tax on parts and maintenance for all aircraft.
- Maintenance needs are growing nationally; as the fleet grows, so does the need for routine, FAA-required service and repairs.
- Our neighboring states – 24 states in total – all exempt parts and maintenance from the state sales tax.
- It is extremely difficult to compete for business without a level playing field
- Gulfstream Appleton is able to draw customers from all over the US and all over the world. We need to be able to maintain these customers, but the sales tax as a separate line-item is hindering our abilities to attract and retain business.

Opportunity for growth

- Our company invests more than \$5 million every year in more than 300 other businesses in Wisconsin that provide goods and services for our operations.
- This is truly a “remove it and they will come” piece of legislation
- Our Appleton facility has expansion opportunities but one of the factors is whether we can draw business in; removal of this tax will create that level playing field and allow us to grow our operations.
- Over the last 5 years, the Gulfstream fleet has grown at the same pace it did in our first 20 years as a company; again, this simply means more and more maintenance work. We would like to see those jobs come here.

We urge your support today of AB 438. Wisconsin is at a competitive disadvantage compared to other states. Thank you for the opportunity to provide comments.



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

421 Aviation Way • Frederick, MD 21701-4798
Telephone (301) 695-2000 • FAX (301) 695-2375
www.aopa.org

**Testimony before the Ways and Means Committee
In Support of Assembly Bill 438
November 21, 2013**

Chairman Marklein and Committee Members,

My name is Bryan Budds from AOPA and I am appearing before the committee on behalf of more than 6,500 AOPA members, and your constituents, *in Wisconsin* to address an economic issue that transcends aviation.

Assembly Bill 438 would level the playing field for the 45-plus Wisconsin aviation maintenance facilities that have been operating at a significant competitive disadvantage for several years now -- affecting *commerce* across the State -- the ramifications of which have resulted in countless job losses and missed economic activity.

By passing Senate Bill 349, the Wisconsin Legislature would allow the State's aircraft maintenance facilities to compete with neighboring states that have recently enacted similar exemptions -- regionally, these states include Minnesota, Illinois, Indiana, Michigan, and Ohio. Because of the mobile nature of aircraft, Wisconsin is continually competing with these other States -- and is currently losing the battle as jobs and economic opportunity simply crosses the border.

Consider a small, 4-seat Cessna 172 that needs a \$20,000 engine replacement. In Wisconsin, an aircraft owner in Eau Claire would pay nearly \$1,000 in sales tax while they could take a 30 minute flight to the Twin Cities and avoid that tax altogether. Further, consider a King Air C90 similar to the one being used by a local charter operator in Northern Wisconsin. An engine overhaul for this aircraft, being chartered by numerous local businesses to get across the country, can have a sales tax exceeding \$12,500 for one engine and more than \$25,000 for overhaul of the aircraft's two engines. Again, this sales tax can be avoided by simply flying to Indiana, Minnesota, or Michigan -- and represents tangible savings for businesses operating on very thin margins.

Further, multiple states that passed similar exemptions did so in spite of record budget shortfalls and in the depth of the recession. This serves as a real testament to the efficacy and value of this measure in terms of yielding tangible growth in jobs, investment, *and even* in long-term overall state revenue that far outweigh the 'lost collections' or fiscal notes associated with the bills. In fact, these measures have been so effective over the long-term in other states like Massachusetts and New York, that when these policies were vetted, along with every other tax exemption on the books in a desperate bid for revenue, the aviation tax exemptions were not only continued, but declared to be permanent vital measures for the sake of their respective state economies.

Even more encouraging, is the fact that states like Maine which recently enacted a similar maintenance tax exemption in conjunction with a thawing economy and a rebounding aviation industry, has experienced such quick and substantial short term business and job growth that, I have to say, surpassed even our most optimistic projections. For example, in Bangor, Maine, C&L Aerospace immediately committed to a \$3 million expansion of their existing 40,000 square-foot maintenance facility and doubled their workforce from 40 to 80 technicians within *months* of the bill's passage. At another local business, Oxford Aviation in Oxford, Maine added 20 additional technicians as their overhaul and restoration work doubled with the ink barely dry on their own version of this legislation.

Similarly, following passage of a similar bill in Indiana the results were immediate. Eagle Creek Aviation Services added a second shift of workers to support the increases maintenance activity occurring at their facility. Further, a Hawker Beechcraft maintenance operation in the State reported hiring is up 75% and additional job growth is expected as more and more business returns to the State.

Now, as we look at this measure in Wisconsin, through our careful analysis of the state aviation infrastructure not only in terms macro-factors like geography and existing business assessments, but also in terms of seemingly minor characteristics like pavement condition index, based aircraft locations and other detailed, but relevant, factors; we believe that Wisconsin is not only poised to yield similar per capita economic dividends to these other state success stories we have referenced -- but we actually believe the state is positioned to potentially experience *even greater* results.

We are cognizant of the fact that this is one of many issues the Committee and the Legislature is considering this session. But if given proper consideration, we believe that you will find that not only may this measure be the best dollar-for-dollar jobs measure before the legislature, but you will also realize the economic cost and peril of postponing this measure for even one more year.

Thank you again for allowing me to testify, and please do not hesitate to contact me if you have any questions, or would like further information.



November 21, 2013

Representative Marklein (Chair), Representative Kerkman (Vice Chair), and Members
Assembly Ways and Means Committee

Re: EAA Support for Assembly Bill 438

EAA (the Experimental Aircraft Association) is the world leader in recreational aviation. With an international membership of more than 180,000 people in more than 110 nations, including 18,000 members in Wisconsin, EAA brings together aviation enthusiasts, pilots and aircraft owners who are dedicated to sharing *the Spirit of Aviation* by promoting the continued growth of aviation, the preservation of its history and a commitment to aviation's future.

EAA strongly supports Assembly Bill 438, which would exempt aircraft parts, maintenance, and labor from sales and use tax to operators and owners of aircraft in the state of Wisconsin. We believe that this exemption will greatly benefit and preserve Wisconsin's aviation and related-field industries, as well as benefiting Wisconsin general aviation pilots and aircraft operators.

Because aircraft are capable of traversing long distances with relative speed and ease, the market for aircraft parts and maintenance is unusually competitive across state lines. Aircraft operators, like every other consumer group, are very price-conscious—and aircraft parts and labor are very expensive, making even small percentage differences in price become several thousand dollar differences. Operators know that the cost of transporting an aircraft out of state to have major service completed in a state without an aircraft parts and labor sales tax—versus a home-base state with those taxes—is more than justified.

As an example, it would take me approximately an hour of flight time to take a small, single-engine Cessna to an overhaul facility in Wheeling, Illinois, where there is no sales tax on aircraft parts, maintenance, or labor. I would burn 16 gallons of aviation gasoline during my round trip at a cost of approximately \$105. The engine overhaul, on the other hand, would cost roughly \$20,000—assuming that it goes smoothly and no other labor needs to be done. At Wisconsin's current sales tax rate of 5%, I would pay \$1000 in sales tax for the parts and labor at my home field for the same work—making the two-hour round trip flight to Illinois worth \$895 in savings. This effect is obviously greatly magnified with more complex aircraft. For most recreational pilots and the vast majority of commercial general aviation operators in Wisconsin, the cost savings for major maintenance makes the decision to stay in state or go to a neighboring state with no aviation sales tax an easy one.

EAA spoke with owners and technicians at repair facilities based in Oshkosh to get a perspective on how other states' aviation sales tax exemptions are affecting their business, and we were not surprised to learn that they are already operating at a disadvantage. Steve Myers, for example, is the owner of Myers Aviation, a nine-employee shop in Oshkosh specializing in aircraft salvage,

rebuilding, and overhaul. He has already experienced instances where customers purchased major, expensive components for a rebuild from a state with no aviation sales tax and brought the components to him for installation, rather than allowing him to provide the parts with the sales tax. He cannot place the major components on his work order, and he does not receive any revenue for the components. This obviously cuts deeply into his margins and has a profoundly negative effect on his business. It also has profoundly negative effects for the state of Wisconsin, because as his business loses out to businesses in states with no aviation sales tax, he is unable to hire more skilled, highly paid technical labor—the type of skilled labor that provides payroll tax revenue to the state, pays state income taxes, and keeps employment numbers up. As it stands now, Wisconsin is not taking revenue from the sale of those major components, Steve's business is not earning a profit on the sale, and his business is less competitive—putting a strain on his ability to expand, or even retain, his workforce. This is specifically the kind of triple-jeopardy situation that Assembly Bill 438 will eliminate.

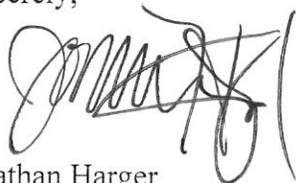
The converse of this situation is fortunately true: If Assembly Bill 438 becomes law, Wisconsin will be one of the states where aviation businesses draw customers from other states that levy an aviation sales tax. The multiplicative effects of a strong aviation industry in terms of payroll and income taxes, real estate value stability, skilled employment rates, and the state's retention of a skilled labor pool are self-evident.

EAA is particularly interested in preserving Wisconsin's infrastructure of local aircraft maintenance shops. We believe that if the majority of revenue-intensive major maintenance business is being flown out of state, local shops will be left with only small, relatively inexpensive maintenance tasks. This would put many shops in serious risk of closure or relocation to another state. This type of decay in the availability of local repair facilities would be a serious barrier to general aviation in Wisconsin, and Wisconsin traditionally enjoys a very strong general aviation community including pilots, operators, and manufacturers.

EAA stands for lowering barriers to entry for aviation in terms of cost and access, and Assembly Bill 438 is exactly the type of legislation that succeeds in lowering these barriers. Therefore, our association wholeheartedly and enthusiastically offers our support for this bill.

If any of you would like explanation or amplification of any point made here, please do not hesitate to contact me on my direct office line at (920) 426-6103.

Sincerely,



Jonathan Harger
Government Advocacy Specialist



2855 WYLDEWOOD ROAD
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TEL: (920) 303-0709 FAX: (920) 233-0336
E-MAIL: sales@newviewtech.com
WEBSITE: WWW.NEWVIEWTECH.COM

Good morning Chair Marklein and committee members. My name is Bruce Botterman and I am the owner and founder of NewView Technologies, Inc., a family-owned aircraft maintenance business at Wittman Regional Airport in Oshkosh. The business is an FAA certified Repair Station and specializes in aircraft window repair and polishing, certification of aircraft instruments and systems used for instrument flight, installation of avionics into aircraft and performing major and minor maintenance of piston powered aircraft.

I have been earning a living in aviation since 1962. As an FAA certified aircraft technician and inspector, my experience includes working for a major Air Carrier, FAA certified air taxi and air freight carriers, full service aviation services companies (FBO's), and for the last 18 years with NewView.

Our business depends on required and optional repair and service work on aircraft. The majority of our customers operate aircraft used for business purposes; however, the current sales tax exemption in Wisconsin only applies to aircraft used for charter or commercial use. Our neighboring states exempt business-use aircraft from the sales tax creating a distinct disadvantage in Wisconsin. Aircraft are inherently mobile and can be flown out of State to have work done.

Some of our work is attained by providing a bid to the owner / operator of the aircraft. The sales tax is a separate line item on the bid sheets, and with Wisconsin being at a disadvantage this affects successful bids. Some of the jobs we bid are very expensive and if an owner can fly the plane to Indiana or Michigan and pay \$20-\$50,000 less, then they will. And with them goes the job retention and creation in the aviation industry.

We have an opportunity in Oshkosh, the Fox Valley and around the state to retain and create family-supporting jobs and careers in aviation. Our state hosts the EAA every single year; thousands of airplanes are flying into Wisconsin to showcase this industry. We have the education and training within the technical colleges, including Fox Valley Tech.

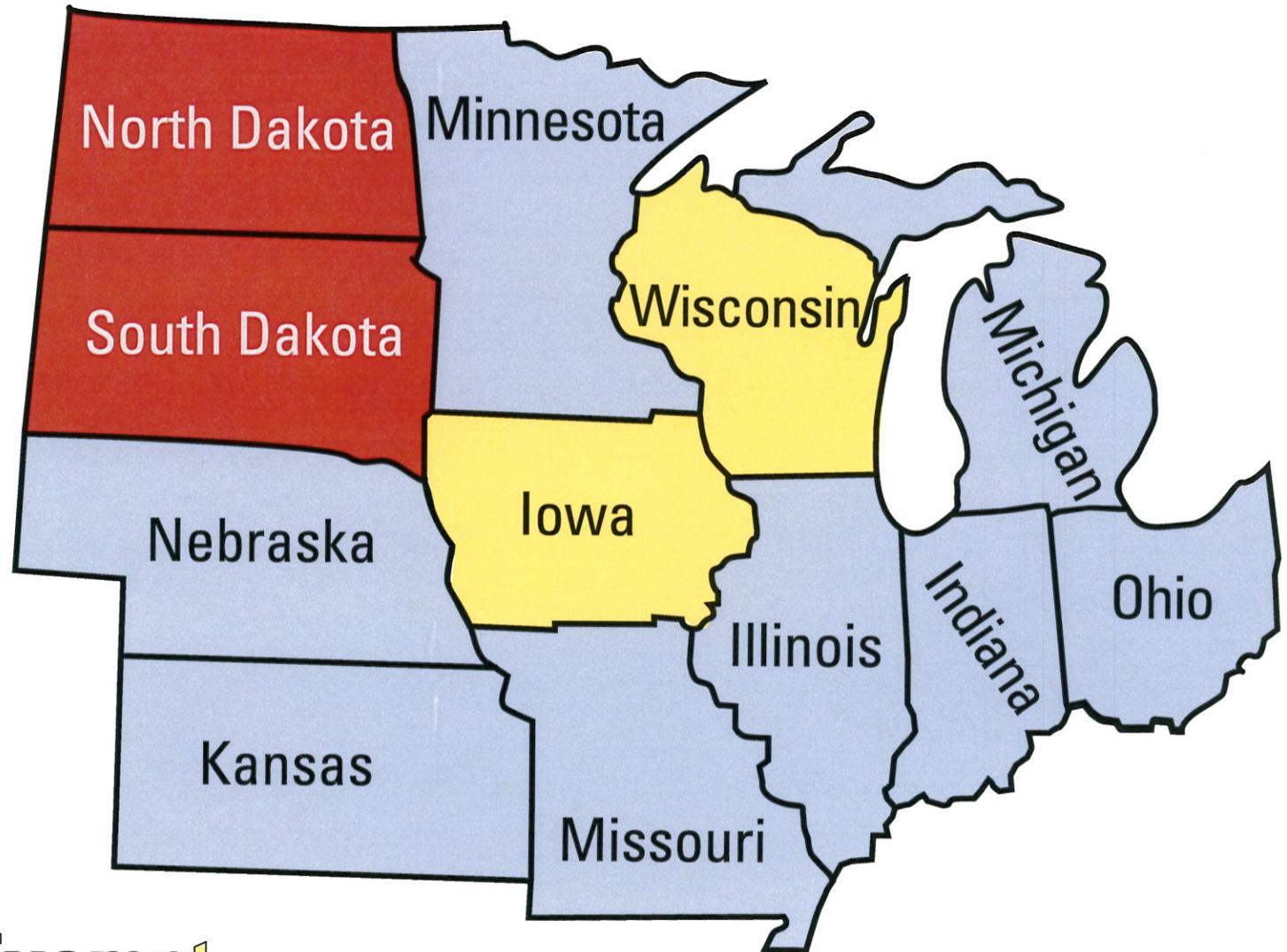
I respectfully request your support for AB 438 to help foster additional growth and prosperity for this industry. I appreciate the opportunity to provide comments and I'd be happy to answer any questions you may have.

Bruce Botterman, NewView Technologies

Career board experience includes:

Fox Valley Technical College Flight and Airframe and Powerplant/Avionics advisory board, Oshkosh Chamber of Commerce, the Fox Cities Chamber of Commerce, the Green Bay Chamber of Commerce, the Fox Cities Convention and Tourism Bureau, the EAA Friendship Committee, an FAA Aircraft Maintenance Safety Counselor, National Business Aircraft Association, National Aviation Transportation Association, Wisconsin Aviation Trades Association, Wisconsin Aviation Hall of Fame, Experimental Aircraft Association, Wisconsin 2003 Business of the year, and Wisconsin DOT 2005 Outstanding Achievement in Aviation Award.

Sales Taxation of Aircraft Parts

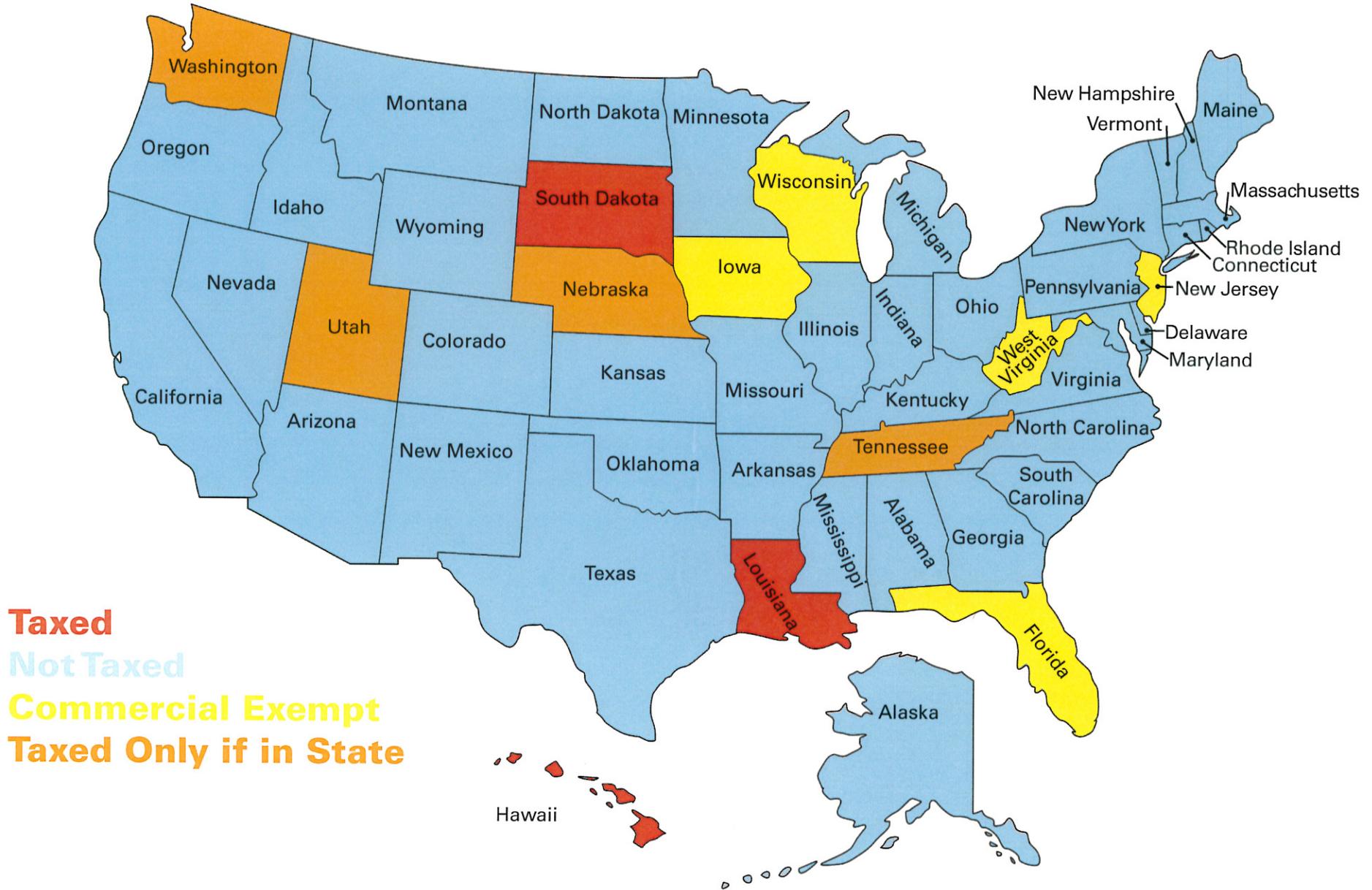


Taxed

Not Taxed

Commercial Exempt

Sales Taxation of Aircraft Maintenance Labor



Potts, Crystal

From: Eric.Peterson@milwcnty.com
Sent: Thursday, November 21, 2013 8:48 AM
To: Rep.Marklein; Rep.Kerkman; Rep.Ripp; Rep.Spiros; Rep.Kestell; Rep.Riemer; Rep.Hulsey;
Rep.Barnes; Rep.Genrich
Subject: Re: AB 438 - AIR Jobs Act

Chairman and members --

Please excuse my typo last night. The bill in reference is AB 438.

The short memo is corrected below.

Thank you,

Eric M. Peterson

Intergovernmental Relations Liaison
Office of the County Executive Chris Abele
Milwaukee County
Rm. 306-K, Courthouse
tel (414) 278-4191 | fax (414) 223-1375

From: Eric Peterson/Co Exec/Milwaukee County
To: rep.marklein@legis.wisconsin.gov, rep.kerkman@legis.wisconsin.gov, rep.ripp@legis.wisconsin.gov, rep.spiros@legis.wisconsin.gov,
rep.kestell@legis.wisconsin.gov, rep.riemer@legis.wisconsin.gov, rep.hulsey@legis.wisconsin.gov, rep.barnes@legis.wisconsin.gov,
rep.genrich@legis.wisconsin.gov
Date: 11/20/2013 04:29 PM
Subject: AB 438 - AIR Jobs Act

Chairman Marklein and members of the Assembly Ways & Means Committee --

I regret that I am unable to attend the hearing of the committee tomorrow on Assembly Bill 438, the AIR Jobs Act. However in lieu of our attendance, I am writing to indicate Milwaukee County Executive Chris Abele's support of the legislation as it has a direct impact on the commercial use of General Mitchell International Airport and is tied to efforts to create and sustain quality jobs at aircraft companies utilizing the airport.

Mr. Chairman, please direct the committee clerk to register Milwaukee County Executive Chris Abele in support of the bill.

If there are any questions or concerns please feel free to contact me at 414-278-4191 or at this email.

Many thanks!

Eric M. Peterson

Intergovernmental Relations Liaison
Office of the County Executive Chris Abele
Milwaukee County
Rm. 306-K, Courthouse
tel (414) 278-4191 | fax (414) 223-1375

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To: Chairman Howard Marklein and Members of the Assembly Ways and Means Committee
From: Jeffrey Baum, President and CEO, Wisconsin Aviation Inc
Date: November 21, 2013
RE: Support of Assembly Bill 438 -sales and use tax exemption for aircraft parts, maintenance, and labor.

Thank you for the opportunity to express our support for AB 438. With the passage of this bill, Wisconsin will no longer be at a competitive disadvantage with its neighboring states.

Wisconsin Aviation is the state's largest full-service fixed-base operator and provider of general aviation services including aircraft maintenance and avionics services. As a fixed-base operator, we are granted the right by an airport to provide necessary aircraft maintenance on location. As economic engines within communities, local airports have the capacity to facilitate business and provide needed jobs. Investments in airports and the aviation industry are investments in the state's economy.

Wisconsin's aviation industry is currently at a distinct disadvantage. Despite Wisconsin's central location, aircraft owners are literally flying over Wisconsin to seek repairs at a lower cost. Twenty-four (24) states have already adopted sales and use tax exemption for aircraft maintenance.

With the cost and frequency required in aviation repairs, the addition of a 5.5% sales tax could add anywhere from hundreds to tens of thousands to the overall bill. These additional costs are avoidable and lead aircraft owners to leave the state for their repairs and keep out of state aircraft from coming to Wisconsin for service. Eliminating these additional costs would allow us to compete on pricing with out-of-state rivals which would lead to increased demand and in turn, job growth. We have documented cases where Wisconsin Aviation has lost bids to out of state competitions because of the 5.5% difference. When this happens, our bottom line suffers, our aircraft technicians lose work hours and pay, and the state loses from the resulting decline in purchasing power.

According to a 2010 WI DOT report, the total statewide economic impact of the aviation industry was \$7 billion. That same report also revealed that in just 8 years, the total jobs impact rose from 42,000 to 90,000 jobs. In order to sustain this growth and robust presence in the state's economy, it is crucial that we level the playing field and be able to compete for business across state lines.

Thank you for the opportunity to share our support for AB 438. We hope you consider what is best for Wisconsin's aviation industry and economy when making your decision.

Dane County Regional Airport
3606 Corban Court • Madison, WI 53704
608-268-5000 • 800-594-5359

CORPORATE HEADQUARTERS
Watertown Municipal Airport
1741 River Drive • Watertown, WI 53094
920-261-4567 • 800-657-0761

Dodge County Airport
N6491 State Hwy 26 • Juneau, WI 53039
920-386-2402 • 800-319-0907



Date: November 21, 2013
To: Ways and Means Committee Members
From: Kurt Stanich, Manager – Waukesha County Airport
Re: Support of Assembly Bill 438

Dear Committee Member,

As the Manager of Waukesha County Airport, I am writing to support Wisconsin State Assembly Bill 438. This job creating bill proposes to exempt the repair and maintenance of all aircraft and aircraft parts from the sales and use tax – an exemption already realized by 36 States in our nation.

Aviation is an interstate business. Aircraft owners have many choices regarding maintenance facilities in other states, many times with flights shorter than the time it takes to drive a car to another town or city. All of our neighboring states, except Iowa, exempt maintenance companies from charging their customers tax on aircraft parts and labor. Business is literally flying out of Wisconsin and good paying aviation maintenance jobs are being supported and created in other states.

Waukesha County Airport is the busiest General Aviation Airport in the State and is ranked in the top 5% of general aviation airports in the entire country. Our activity creates an annual economic impact of \$80 million dollars to the local economy, and supports over 900 jobs. The small businesses that provide aircraft maintenance are one of the major reasons that pilots and corporations fly to and base their aircraft at our airport. Last year, two of those maintenance companies each billed over \$30,000 in sales and use tax to their customers. Combined, this equals 800 hours of labor at their average shop rates. The potential perform additional labor thanks to the savings provided to their customers means more highly skilled, good paying jobs created here in the state.

Airports are economic engines that fuel their communities through job creation, travel and tourism, and economic development. Additional activity at your local airport means additional revenue for your community. We strongly believe that aircraft maintenance jobs are family supporting careers, and that the passage of this bill will increase aircraft maintenance business not only in Waukesha, but in the entire State. I urge your support and ask you to please contact me if you have questions, concerns, or require additional information.

Sincerely,



Kurt Stanich



November 18, 2013

Dear Sir or Madam,

I am writing to you in response to the questions about state sales tax on aircraft maintenance.

Stein's Aircraft Services, LLC is currently in the final stages of obtaining an FAA-Certified Repair Station Certificate. Once the Repair Station Certification is complete, it is our goal to market our expertise nationally and to compete with other aviation maintenance facilities throughout the United States.

Aircraft maintenance is unique because an aircraft almost always has to be flown to a maintenance facility for service. The aircraft owner calculates this cost of relocation into the total cost of the project. Also added to the total cost of any aviation maintenance project will be taxes Wisconsin charges that other states waive. These added taxes would push any bid SAS can offer higher than those bids submitted by companies located in states in which sales tax on aviation maintenance is waived. This, in turn, will impact greatly the amount of work SAS will be able to obtain.

Aircraft coming to Wisconsin for maintenance stimulate the local economy in many ways. First, of course, would be the job creation that an increase in aviation maintenance projects would bring to SAS. This means more highly skilled individuals would move into our area, further stimulating the economic activity in the area. Second, the crews coming with these aircraft will need rental cars, lodging, entertainment, and food, usually for several days. Lastly, the additional fuel purchased by the maintenance aircraft will generate an increase in the taxes the county would receive.

Please waive these taxes. Wisconsin needs to be competitive in the aviation industry and having these taxes waived will go a long way to increasing our viability in the national aviation maintenance market. Historically, the aviation industry has greatly increased the local tax base through services and payroll taxes. Adding additional direct taxation threatens the potential job creation and stimulus to the economy that will be much greater assets to the state.

Respectfully,

Laurie A. Stein
Owner/Manager

PLANE SAFE
Aircraft Maintenance, Inc. EST. 2002
503 Bluemound Rd
Waukesha County Airport
Waukesha, Wisconsin 53188

November 12, 2013

Dear Committee Member:

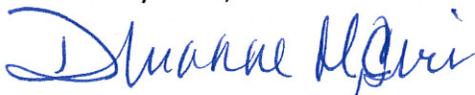
Plane Safe Aircraft Maintenance, Inc. strongly supports Senate Bill (SB)-348/Assembly Bill (AB)-438, the exemption for aircraft parts, maintenance, and labor because it removes a competitive disadvantage for shops such as ours to keep present and future aircraft owners/customers from traveling across Wisconsin's borders to benefit from the exemptions which are already in effect in 36 other states nationally.

These Bills expand the current Wisconsin sales tax exemption that currently only applies to "commercial carrier" aircraft to include all aircraft.

Aviation is an inherently mobile industry, and our customers have many choices when comparing facilities to maintain their aircraft, especially when these facilities are within a short distance of one another. Plane Safe excels in customer service and primarily focuses on safety. How can we compete with reputable shops across our borders offering exemptions on maintenance, parts, and labor? Often saving aircraft owners hundreds of dollars per year, thousands depending on the size of aircraft and maintenance required. For example; our customer with a Pilatus aircraft (single engine turbine) based in Milwaukee, Wisconsin has paid \$2,389.34 sales tax through October 2013 and \$2,907.88 in 2012.

We ask for your partnership in leveling the aircraft maintenance playing field across the Great Lakes region, and for your assistance in making Wisconsin businesses more competitive in the aviation marketplace.

Sincerely Yours,



Druanne M Pierce

Owner ~ Vice President ~ CFO



WISCONSIN MANUFACTURERS & COMMERCE

TO: Members of the Assembly Ways & Means Committee

FROM: Jason Culotta
Director, Tax & Transportation Policy

DATE: November 21, 2013

RE: Support for Assembly Bill 438

Wisconsin Manufacturers & Commerce (WMC), the state's chamber of commerce, urges your support of Assembly Bill 438. This legislation creates a Wisconsin sales tax exemption for aviation labor and parts. In order to maintain and expand our existing aviation industry and the jobs that industry brings to the state, the Legislature should swiftly adopt this legislation.

Wisconsin has aviation maintenance businesses in communities around the state such as Appleton, Eau Claire, Madison, Milwaukee, and Watertown. The jobs this industry provides are high-paying and contribute significantly to the regional economies fortunate enough to have them.

All of our neighboring states save Iowa have adopted a similar sales tax exemption. This leaves Wisconsin vulnerable to the loss of work – and ultimately, jobs – if the Legislature does not act to align our state with the actions undertaken by other states.

The choice facing Wisconsin policy makers is clear. By not adopting this sales tax exemption, Wisconsin will soon forgo the jobs and economic activity that come from this industry. By enacting this legislation, Wisconsin will choose to compete for this work and more of the quality jobs that this industry employs.

Again, WMC calls upon the Legislature to embrace job creation and economic competitiveness by supporting passage of Assembly Bill 438.

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