

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2013 ASSEMBLY BILL 438*

[Introduced by Representatives Steineke, Kaufert, Hintz, Sinicki, Murphy, Kahl, Bies, A. Ott, Bernard Schaber, Pridemore, Sanfelippo, Kuglitsch, Tittl, Ohnstad, Wachs, Bernier and Thiesfeldt; cosponsored by Senators Ellis, Lasee, Gudex, Cowles, Grothman and Farrow.]

General Nature of Proposal

Under current law, the sales of aircraft, including aircraft parts, accessories, and fuel, are exempt from sales and use tax if the sales are made to persons using the aircraft as certified or licensed carriers in interstate or foreign commerce or to foreign governments for use outside the state. Additionally, current law provides a sales and use tax exemption for sales of aircraft to persons who are not Wisconsin residents if the aircraft is removed from the state after the sale. Current law also exempts from sales and use tax repairs and maintenance services performed on aircraft that qualify for the above exemptions.

2013 Assembly Bill 438 adds a comprehensive exemption for aircraft parts to the list of aviation-related sales and use tax exemptions under current law, described above. Under the bill, sales of aircraft parts would be exempt from sales and use tax regardless of how the aircraft is used. The bill also creates a sales and use tax exemption for the repair and maintenance of any aircraft and aircraft parts.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates that enactment of the sales and use tax exemptions in Assembly Bill 438 would reduce state sales and use tax collections by \$2.9 million on an annual basis. Additionally, the department estimates that enactment of Assembly Bill 438 would reduce local sales tax collections (i.e., county and stadium taxes) by \$240,000 per year.

Public Policy Involved

The bill is good public policy.