



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

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April 12, 2005

Senator Joseph Perry
Chairman Taxation Committee
3 State House Station
Augusta, Maine 04333

Re: LD 1074 Aviation Sales Tax Exemption

Dear Senator Perry:

On behalf of the 403,000 members of the Aircraft Owners & Pilots Association (AOPA), including some 2,200 Maine residents, we urge your strong support of LD 1074, as introduced, that will provide equitable, non-discriminatory tax relief to the purchasers and users of aviation services. We believe, if implemented fairly, Maine will experience the benefits enjoyed by approximately 40 other states, including virtually all of the neighboring New England states: that stimulating aviation sales and services can generate hundreds, perhaps thousands, of stable, high paying jobs and provide a cornerstone to the economy in dozens of communities.

By its very nature, aviation does not recognize state lines. Just to remain competitive, both New York and Rhode Island recently joined the ranks of states that do not tax aircraft parts and services. States as diverse as California, Massachusetts, Florida, Indiana and Colorado share one common theme: none extend their sales/use tax to aviation spare parts and services.

At the same time, we understand there has been some discussion and consideration at recent legislative workshops to *limiting* the proposed benefits to aircraft based on some arbitrary weight or similar classification. In the strongest terms, we ask that you support the original proposal and reject any arbitrary classifications since they would, in our view, not be in the best interest of the state government or Maine's general aviation pilots. In fact, the Oklahoma House recently overwhelmingly approved (97-1) HB 1577 *eliminating* its weight-based aviation tax treatment because the state found these arbitrary weight-based requirements both cumbersome to administer and counter-productive to economic development.

Tax Administration – At the state's airports, aviation service firms sell, repair and store all types and sizes of general aviation aircraft. We would urge you to extend the tax treatment on parts and services across the board to all aircraft types. Please consider the collection, administration and audit nightmare of determining *which* items and services are taxable, and which are not. Particularly since many parts (tires, seat belts, even screws) and services (engine overhaul, lubrication) are virtually identical regardless of aircraft.

Senator Joseph Perry

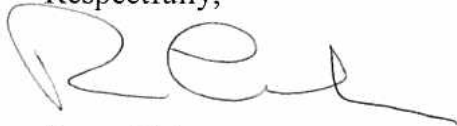
Page 2

April 12, 2005

Tax Equity – The discussion of a weight-based exemption for aircraft sales, in our view, raises even more disturbing policy questions. Most first-time buyers of aircraft start small and “move up”, so if the state wants to stimulate new purchases – and support the resulting jobs – one could argue the better approach would be to exempt the purchase of smaller, less costly planes – particularly for first-time Maine purchasers. To *not* tax the sale of a corporate jet while continuing to tax the sale of a small, four-seat propeller airplane is akin to taxing a Ford Escort while granting tax-free treatment to a luxury Lincoln Town Car.

Thank you for your consideration, and we look forward to working with you and the Maine legislature in achieving meaningful aviation taxation policies that extend the greatest benefits to the state’s residents and pilots. Please feel free to contact me or our Northeast Regional Representative Craig Dotlo (914) 631-4051 if we can provide anything additional.

Respectfully,

A handwritten signature in black ink, appearing to read 'RC', with a long horizontal flourish extending to the right.

Roger Cohen
Vice President
Regional Affairs