

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Motor Fuel

**ISSUE:** refund tax paid on motor fuel used in the operation of aviation ground support vehicles or equipment.

**BILL NUMBER(S):** HB 989

**SPONSOR(S):** Representative Detert

**MONTH/YEAR COLLECTION IMPACT BEGINS:** 7/1/2006

**DATE OF ANALYSIS:** 2/22/06

**SECTION 1: NARRATIVE**

- a. **Current Law:** Currently, no refund applied to motor fuel used in the operation of aviation ground support vehicles or equipment.
- b. **Proposed Change:** add commercial aviation to s. 206.41(4)(c)1. to allow refund on tax paid to motor fuel used in the operation of aviation ground support vehicles or equipment. Initial applications for a refund of taxes paid for commercial aviation purposes shall apply retroactively to the previous 3 calendar years from the date of initial application.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

REC 11/05 Transportation Conference aviation gallons  
DOR fuel tax returns

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

ASSUME  
naics 4881xx – support activity for air transportation  
naics 488999 – all other support activities for transportation  
SIC 4729 – arrangement of passenger transportation

**SECTION 4: PROPOSED FISCAL IMPACT**

| State Impact—All Funds | FY 2006-07 Annualized | FY 2006-07 Cash | FY 2007-08 Cash |
|------------------------|-----------------------|-----------------|-----------------|
| High                   | -\$0.17m              | -\$0.62 m       | -0.18 m         |
| Middle                 | -\$0.13m              | -\$0.48 m       | -\$0.14m        |
| Low                    | -\$0.09m              | -\$0.34 m       | -\$0.1m         |

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 2 / 24 / 06 )** The conference adopted the high estimate.

|                    | FY 2006-07 Annualized | FY 2006-07 Cash | FY 2007-08 Cash |
|--------------------|-----------------------|-----------------|-----------------|
| General Revenue    | (Insignificant)       | (Insignificant) | (Insignificant) |
| State Trust        | (.2)                  | (.4)            | (.2)            |
| Total State Impact | (.2)                  | (.4)            | (.2)            |
| Total Local Impact | (Insignificant)       | (.2)            | (Insignificant) |
| Total Impact       | (.2)                  | (.6)            | (.2)            |

|    | A  | B                                 | C   | D         | E                    | F      | G        | H             | I     | J        |  |
|----|--|-----------------------------------|---|-----------|----------------------|--------|----------|---------------|-------|----------|--|
| 1  | 2/22/2006  |                                   |   |           |                      |        |          |               |       |          |  |
| 2  | HB 989 refund motor fuel gasoline used in commercial aviation  |                                   |   |           |                      |        |          |               |       |          |  |
| 3  | <b>method 1</b>  |                                   |   |           |                      |        |          |               |       |          |  |
| 4  |  | large company                     |   |           | mid sized company    |        |          | small company |       |          |  |
| 5  |  | gallons used                      |   |           | gallons used         |        |          | gallons used  |       |          |  |
| 6  |  | in aircraft                       | other                                     |           | in aircraft          | other  |          | in aircraft   | other |          |  |
| 7  | CY 05  | 52,271,372                        | 14,156                                    | 0.02708%  | 24,172,205           | 8,856  | 0.03664% | 4,115,751     | 2,494 | 0.06060% |  |
| 8  |  |                                   |   |           |                      |        |          |               |       |          |  |
| 9  |  | Aviation                          |   |           |                      |        |          |               |       |          |  |
| 10 |  | gallons m                         |   |           | m gallons            |        |          |               |       |          |  |
| 11 | FY 05  | 1055.4                            | 0.076331                                  | 0.334152  |                      |        |          |               |       |          |  |
| 12 | FY 04  | 955.8                             |   |           |                      |        |          |               |       |          |  |
| 13 | FY 03  | 934.9                             |   |           |                      |        |          |               |       |          |  |
| 14 |  | weighted avg                      |   |           |                      |        |          |               |       |          |  |
| 15 |  | state tax                         |   |           | SCETS&lo loc opt     |        |          |               |       |          |  |
| 16 | FY 05  | gallons                           | 0.105                                     | 0.1475    | total                |        |          |               |       |          |  |
| 17 | low  | 350,000                           | \$36,750                                  | \$51,625  | \$88,375             |        |          |               |       |          |  |
| 18 | mid  | 500,000                           | \$52,500                                  | \$73,750  | \$126,250            |        |          |               |       |          |  |
| 19 | high   | 650,000                           | \$68,250                                  | \$95,875  | \$164,125            |        |          |               |       |          |  |
| 20 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 21 | FY 04  |                                   | 0.103                                     | 0.1443    |                      |        |          |               |       |          |  |
| 22 | low  | 316,970                           | \$32,648                                  | \$45,739  | \$78,387             |        |          |               |       |          |  |
| 23 | mid  | 452,814                           | \$46,640                                  | \$65,341  | \$111,981            |        |          |               |       |          |  |
| 24 | high   | 588,658                           | \$60,632                                  | \$84,943  | \$145,575            |        |          |               |       |          |  |
| 25 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 26 | FY 03  |                                   | 0.101                                     | 0.1429    |                      |        |          |               |       |          |  |
| 27 | low  | 310,039                           | \$31,314                                  | \$44,305  | \$75,618             |        |          |               |       |          |  |
| 28 | mid  | 442,913                           | \$44,734                                  | \$63,292  | \$108,026            |        |          |               |       |          |  |
| 29 | high   | 575,786                           | \$58,154                                  | \$82,280  | \$140,434            |        |          |               |       |          |  |
| 30 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 31 |  | total impact (3 years)            |   |           | REC aviation gallons |        | % growth |               |       |          |  |
| 32 |  | Low                               | \$242,380                                 |           | FY 06                | 1072.6 | 1.63%    |               |       |          |  |
| 33 |  | Middle                            | \$346,257                                 |           | FY 07                | 1102.6 | 2.80%    |               |       |          |  |
| 34 |  | High                              | \$450,135                                 |           | FY 08                | 1133.5 | 2.80%    |               |       |          |  |
| 35 |  | state tax                         |   |           | SCETS&lo loc opt     |        |          |               |       |          |  |
| 36 | FY 06  | gallons                           | 0.109                                     | 0.148     |                      |        |          |               |       |          |  |
| 37 | low  | 355,704                           | \$38,772                                  | \$52,644  | \$91,416             |        |          |               |       |          |  |
| 38 | mid  | 508,149                           | \$55,388                                  | \$75,206  | \$130,594            |        |          |               |       |          |  |
| 39 | high   | 660,593                           | \$72,005                                  | \$97,768  | \$169,772            |        |          |               |       |          |  |
| 40 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 41 | FY 07  |                                   | 0.109                                     | 0.148     |                      |        |          |               |       |          |  |
| 42 | low  | 365,653                           | \$39,856                                  | \$54,117  | \$93,973             |        |          |               |       |          |  |
| 43 | mid  | 522,361                           | \$56,937                                  | \$77,309  | \$134,247            |        |          |               |       |          |  |
| 44 | high   | 679,070                           | \$74,019                                  | \$100,502 | \$174,521            |        |          |               |       |          |  |
| 45 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 46 | FY 08  |                                   | 0.109                                     | 0.148     |                      |        |          |               |       |          |  |
| 47 | low  | 375,900                           | \$40,973                                  | \$55,633  | \$96,606             |        |          |               |       |          |  |
| 48 | mid  | 537,000                           | \$58,533                                  | \$79,476  | \$138,009            |        |          |               |       |          |  |
| 49 | high   | 698,100                           | \$76,093                                  | \$103,319 | \$179,412            |        |          |               |       |          |  |
| 50 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 51 | <b>method 2</b>  |                                   |   |           |                      |        |          |               |       |          |  |
| 52 | based on 2004 sales tax returns, there are 101 companies engaging in support activities for air transportation |                                   |   |           |                      |        |          |               |       |          |  |
| 53 | NAICS  | 4881xx                            | support activities for air transportation |           |                      |        |          |               |       |          |  |
| 54 |  |                                   |   |           |                      |        |          |               |       |          |  |
| 55 |  | fuel (g) used per company in 2005 |   |           | 4,700                |        |          |               |       |          |  |
| 56 |  | # of companies                    |   |           | 101                  |        |          |               |       |          |  |
| 57 |  | state tax                         |   |           | SCETS&lo loc opt     |        |          |               |       |          |  |
| 58 |  | gallons                           | 0.105                                     | 0.1475    | total                |        |          |               |       |          |  |
| 59 | FY 05  | 474,700                           | \$49,844                                  | \$70,018  | \$119,862            |        |          |               |       |          |  |