



State of Florida
An Economic Analysis of Potential Changes
To the Aircraft Sales and Use Tax

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ANALYSIS SUMMARY

A wide body of economic literature stresses that the retail sales tax should apply to *all* final sales to consuming households within the state, excluding only the purchase of business inputs or other items for resale. Common practice has varied significantly from the ideal. Today, many business inputs are taxed, exemptions exist for various purposes, and some of the tax burden is “exported” to out-of-state consumers.

The retail sale of aircraft follows the state’s general provisions related to the sales tax. Florida law provides that every sale, admission charge, storage, or rental is taxable unless the transaction is specifically exempt.¹ The state's general sales tax rate is 6%. In addition, a discretionary sales surtax is imposed by many Florida counties. The local rates can range from .25 to 2.5%, and are levied on the first \$5,000 of the purchase price. To compute the Florida sales tax rate for each county, the county imposed discretionary sales surtax rate is added to the general sales and use tax rate. Registered sales tax dealers are instructed to collect the tax from the purchasers at the time of the sale and remit it to the Department of Revenue. In cases where an aircraft is purchased from a private owner who is not a registered dealer, the purchaser is responsible for remitting the tax to the department.

The use tax complements the sales tax and is applied in the same manner. The use tax rate and sales tax rate are the same, including discretionary sales surtax, if applicable. Under most conditions, use tax is due on purchases made out of state and brought into Florida within 6 months of the purchase date.² If the item brought into Florida is subject to tax, a credit for any lawfully imposed taxes paid to another state, a U.S. territory, or the District of Columbia is permitted. Credit is not given for taxes paid to another country.

An exemption from the sales and use tax is granted to nonresidential purchasers if the aircraft is removed from the state within 10 days of purchase (20 days if repairs are made).³ To maintain the exemption, the aircraft is not permitted to re-enter the state during the first six months for other than de minimis personal use.⁴

Even though a specific exemption does not exist, the six-month criterion also affects Florida residents’ purchases of aircraft in other states. So long as the plane does not return to Florida within six months, it is *presumed* that the aircraft is being purchased for use outside of Florida.⁵ This also applies to

¹ A few services are also taxed: burglar protection, detective, and nonresidential cleaning and pest control.

² The Department of Revenue recognizes several instances when use tax may be due immediately. Those instances occur when any of the following conditions are met: (1) The aircraft is owned by a Florida resident; (2) The aircraft is owned by a corporation and used by a corporate officer or director who is a Florida resident; (3) The aircraft is owned by a corporate entity that has an individual vested with authority to participate in the management, direction, or control of the entity’s affairs who is a resident of or makes his or her permanent residence in this state; (4) The aircraft is owned by a person, corporation, limited liability company, partnership, joint adventure, association, syndicate, business trust, trust, estate, or other form of artificial entity that is engaged in Florida in any employment, trade, business, or profession in which the aircraft will be used.

³ Section 212.05(1)(a)2, Fla. Stat.

⁴ According to the Department of Revenue, the law is ambiguous as to whether “de minimis” use is specifically nontaxable.

⁵ Section 212.06(8)(a), Fla. Stat.

purchases by artificial entities owned or controlled by Florida residents. All of these presumptions are rebuttable.

The primary impetus for this analysis stems from the hypothesis that the state is forfeiting economic and tax revenue as a result of the mandatory six-month provision. That is, by largely preventing nonresidential owners from entering the state during the first six months after purchase unless the tax is paid, the state is forgoing taxable economic activity that in turn is happening somewhere else. This would be the case if the “fear” of accidentally triggering the tax is great enough to change the buyer’s decision to come to Florida during this period. Since tax collections from nonresidents are a result of exporting the tax to other states to begin with, it is a reasonable to consider whether aircraft purchased by nonresidents should be exempt from the six-month provision.

A further extension would be to examine the benefits of exempting all aircraft sold in Florida from some or all of the sales and use tax. The rationale for granting an exemption of this nature would be to promote increased economic activity and reduce the loss (to the extent it exists) of retail sales to other states that have either no sales taxes or lesser rates. It should be noted that any current *tax* loss from foregone sales to the state’s residents and businesses is directly linked to tax avoidance behaviors, since they otherwise have to pay the use tax. In this regard, it is not reasonable to assume that the buyers forego the purchase altogether; they just move it out-of-state.

The results of this study suggest the following:

1. ***Is there an economic benefit to the state from allowing nonresidential purchasers the ability to temporarily enter the state during the first six months for pleasure travel, business, flight training and other aircraft-modification purposes?*** Yes, there is an economic benefit to the state. It is likely that clarification and certainty regarding the enforcement of the 6-month provision would increase travel- and plane-related expenditures in Florida. The tax loss from nonresident purchasers who previously triggered discovery activities is feasibly offset by increased taxable activity. This is especially true given the Department of Revenue’s recent statement that they are not actively pursuing discovery activities of this type, driving down the fiscal impact on taxes in future years.

Based on a review of legislative proposals addressing this issue, there are several methods available to accomplish this policy change. They range from authorizing travel into the state for a specified period of time, specified purpose or for any purpose so long as the owner is not a Florida resident and the aircraft is not registered in Florida.

2. **Is there an economic benefit to the state from reducing the sales and use taxation rate by one-half (from six percent to three percent) or exempting aircraft purchases altogether from the sales and use tax?** A complete elimination of the sales tax has limited to modest value to the state. Forty-four states apply some form of taxation to the retail purchase of airplanes. With the exception of tax avoidance behaviors (legal and illegal) that introduce other incentives, nonresident buyers in Florida have the “flyaway” exemption and generally face use tax issues in their home states. Therefore, this provision is not likely to increase nonresident purchases in Florida. For Florida residents, there would likely be an impetus to increase Florida aircraft sales as incentives for avoidance behaviors are eliminated. Moreover, tax savings may be freed for other types of Florida purchases.

However, it does not appear likely that the increased activity will accomplish a net gain sufficient to offset the sales tax loss.

In regard to reducing the sales tax rate from 6% to 3%, it is not infeasible that sufficient activity can be generated to offset the losses – but strong assumptions are required to reach this conclusion. Essentially, the sales tax savings has to be a sufficient inducement to virtually eliminate all current tax avoidance behaviors, and the number of undetected avoiders has to roughly equal the “discovered” number. These assumptions – while not unreasonable – are questionable and cannot be verified.

New fiscal numbers were generated for this report. The Revenue Estimating Conference has previously adopted estimates for many of these measures which may require updating, resulting in lower estimates based on the information provided in this study.

This study does **not** address the tax policy implications of having a broad-based and uniform sales tax structure.

AVIATION IN FLORIDA

Florida's aviation industry is comprised of a large network of airfields, training facilities, test ranges, manufacturing, and support companies. The state serves as a transportation hub for the western hemisphere with 3.2 million aircraft takeoffs and landings each year. More than 20,000 flights occur each year between Florida and Latin America alone.⁶ Approximately 42 million air passengers and 3.5 million tons of air cargo pass through the state's airports each year.⁷ There are 129 public airports, 600 private airports, and 27 military airfields. A Florida Department of Transportation study in 2000 concluded that the 129 public airports employed nearly 560,000 individuals with annual wages totaling nearly \$13.0 billion. The combined economic activity associated with these airports was approximately \$50.0 billion.

Table 1
Public-Use Airport Impacts
Florida Airports Economic Impact Study

	Economic Activity	Earnings	Jobs
Commercial Service			
7 Largest Commercial	\$40,619,201,400	\$9,839,407,800	434,200
Other 13 Commercial	<u>7,187,350,900</u>	<u>2,318,980,100</u>	<u>102,070</u>
Total 20 Commercial	\$47,806,552,300	\$12,158,387,900	536,270
General Aviation			
23 Sampled	\$890,100,800	\$264,421,800	9,120
86 Extrapolated	<u>1,418,836,500</u>	<u>415,101,500</u>	<u>14,005</u>
Total 109	\$2,308,937,300	\$679,523,300	23,125
Total 129 Civil Aviation Airports	\$50,115,489,600	\$12,837,911,200	559,395

Source: Florida Airports Economic Impact Study, FASP 2000

General aviation, in terms of earnings, economic activity and jobs is small compared to commercial aviation; however, the majority of aircraft registered in Florida are owned by small businesses and private residents. Table 2 displays a stratification of registered aircraft in Florida by age for calendar year 2007.⁸ There are three types of aircraft displayed in the table: fixed-wing single-engine, fixed-wing multi-engine, and rotorcraft (i.e., helicopter). A fourth category groups all remaining types.⁹ The

⁶ This includes the Caribbean Islands.

⁷ Enterprise Florida

⁸ Aircraft are grouped by five-year age increments. Aircraft older than 25-years are combined. An age of zero indicates an aircraft is less than one year of age.

⁹ Other aircraft types include: gliders, balloons, blimps, weight-shift-control, and gyroplanes. Aircraft more than 15,000 pounds owned by commercial carriers and aircraft owned by government agencies are already exempted from Florida sales and use tax and are not included in this table.

majority of aircraft registered in Florida are older, fixed-wing, single-engine aircraft. These are predominately purchased and sold in the secondary market (i.e., person-to-person sales) though brokers and dealers may assist with sales.¹⁰

Table 2
Registered Florida Aircraft by Type and Age¹¹

Age of Aircraft

Type Aircraft/Engine	0	1-5	5-10	11-15	15-20	20-25	>25	No info.	Total
Fixed wing single-engine									
Reciprocating	22	1,028	713	465	362	394	8,952	1,416	13,352
Turbo-prop	1	55	30	9	9	13	5	25	147
Turbo-shaft	0	0	0	1	0	0	1	1	3
Turbo-jet	0	1	0	0	0	0	23	38	62
Turbo-fan	0	0	0	0	3	5	7	1	16
2 Cycle	8	67	30	30	27	11	1	37	211
4 Cycle	10	164	12	5	2	13	1,337	122	1,665
Sub-Total	41	1,315	785	510	403	436	10,326	1,640	15,456
Fixed wing multi-engine									
Reciprocating	3	21	60	7	12	39	2,921	326	3,389
Turbo-prop	0	3	8	4	18	18	217	65	333
Turbo-jet	0	0	1	1	0	0	11	17	30
Turbo-fan	0	35	32	23	9	13	39	24	175
4 Cycle	0	1	0	0	0	0	0	1	2
Sub-Total	3	60	101	35	39	70	3,188	433	3,929

¹⁰ New aircraft are typically bought through dealers. In 2007, 61 aircraft were identified as being less than one year old; however, there were 2,370 aircraft with no age information. It is possible that some of these aircraft were also less than one year old.

¹¹ Source: Federal Aviation Administration, Aircraft Registration Master File; The query identifies only those aircraft registered in Florida that are 12,499 pounds or less in weight; The query includes the following registration types: Individual, Partnership, Corporation, Co-Owned, Non Citizen Corporation, and Non Citizen Co-Owned.

Type Aircraft/Engine	0	1-5	5-10	11-15	15-20	20-25	>25	No info.	Total
Rotorcraft									
Reciprocating	0	51	57	42	41	19	248	179	637
Turbo-prop	1	44	1	0	0	0	1	2	49
Turbo-shaft	0	17	10	12	9	14	165	112	339
Turbo-fan	0	0	0	0	0	0	0	4	4
4 Cycle	1	2	0	0	0	0	0	0	3
Sub-Total	2	114	68	54	50	33	414	297	1,032
All Other Types									
Reciprocating	0	11	9	6	3	1	8	21	59
Turbo-prop	0	0	0	0	0	0	2	0	2
Turbo-jet	0	1	0	0	0	0	0	0	1
2 Cycle	11	102	43	5	1	0	7	27	196
4 Cycle	4	19	6	6	1	0	0	10	46
None	0	30	46	46	66	66	245	91	590
Sub-Total	15	163	104	63	71	67	262	149	894
Total All Registrations	61	1,652	1,058	662	563	606	13,928	2,370	20,417

There are 20,417 registered aircraft for commercial and non-commercial purposes in Florida. The corresponding national number is approximately 304,735— indicating that Florida has about 6.7% of the aircraft registered in the United States. Of the total number of registered aircraft, an industry estimate indicates that 221,943 (or 72.8%) are general aviation in nature (all aviation other than military and scheduled commercial airlines). Shipments of general aviation planes manufactured in the United States totaled 3,279 units in 2007, a 4.2% increase over the prior year and the industry’s strongest year since 1982.¹² Slightly over one-third (1,142) of these planes were exported. Nearly two-thirds of all the hours flown by general aviation aircraft are for business purposes.

¹² Statistic from the *2007 General Aviation Statistical Databook & Industry Outlook* published by the General Aviation Manufacturers Association.

SALES AND USE TAX ON AIRCRAFT

Tax of Aircraft in Florida

Sales tax is a transaction-based tax that applies only in the state where the transactions, including lease transactions, occur unless there is an applicable exemption regarding the particular transaction. All aircraft sold and/or delivered in this state are subject to the 6% sales tax, unless the transaction is specifically exempted by law.

Use tax is usually imposed by a state on the use, storage or consumption of tangible personal property (e.g., aircraft) acquired outside the state and brought into the state. Use tax provisions generally vary across states. Some states may impose a use tax on the first use of property, while other states may impose the use tax only on property used within a certain time period after it is purchased.

Florida's sales tax rate and the use tax rate are identical and mutually exclusive. That is, the state will assess either a sales tax or a use tax, but not both on a particular aircraft purchased and/or delivered in the state.¹³

Nexus is the presence or connection to the taxing jurisdiction. From a tax policy perspective, nexus to impose a sales tax is different from the nexus to impose a use tax. At a minimum, a sales tax may only be imposed by the state in which the sale occurs.¹⁴ Usually it is sufficient for the sale to occur within the taxing area between a willing seller and buyer located (or in the case of a dealer or broker – registered) in Florida. However, sales to nonresident purchasers who agree to remove the aircraft from the state are exempt from the sales tax.

The use tax extends to instances where the seller is located outside the state. In this case, there are three basic factors that determine whether a Florida nexus exists, and whether the use tax should be applied to the sale of aircraft:

- The location where the aircraft is hangared, stored or primarily based.
- The owner's domicile; or if it is a business entity, the residency of its officers, directors, or controlling individual, or
- The state in which the aircraft is used on a frequent basis.

Table 3 displays the various scenarios as viewed by the Department of Revenue in relation to aircraft in Florida.

¹³ In addition, Florida imposes an excise tax of \$0.069 per gallon on aviation fuel. This tax rate has not been changed since it was established in 1990 by state legislature. It applies to both jet fuel (kerosene) and aviation gasoline.

¹⁴ See *Evco v. Jones*, 409 U.S. 91 (1972).

Table 3
Aircraft Sales and Use Taxability

Currently Nontaxable in Florida	Presumed Nontaxable in Florida	Credit for Tax Paid	Taxable in Florida
Florida resident purchases an aircraft in another state without paying tax, aircraft never used in Florida.	Florida resident purchases an aircraft in another state without paying tax, no use of the aircraft in Florida until 6 months or more after purchase. Presumed not purchased for use in Florida.	Florida resident or resident of another state purchases an aircraft in another state and pays tax at a rate equal to or greater than the Florida rate. Full credit is provided for the tax already paid.	Florida resident purchases an aircraft in Florida for use in Florida.
Resident of another state purchases an aircraft in another state without paying tax, brings the aircraft into Florida 6 months or more after purchase for use related to training, repair, customization, or business.	Artificial entity owned by Florida resident purchases an aircraft in another state without paying tax, no use of the aircraft in Florida until 6 months or more after purchase. Presumed not purchased for use in Florida.	Florida resident purchases an aircraft in another state and pays tax at a rate less than the Florida rate, uses the aircraft in Florida within six months of purchase. Tax owed only on the difference between the rate paid and the Florida rate.	Florida resident purchases an aircraft in another state without paying tax, uses the aircraft in Florida within six months of purchase.
Resident of another state purchases an aircraft in another state without paying tax, brings the aircraft into Florida for de minimis personal use within 6 months of purchase. Not taxable, but law is potentially ambiguous.**	Resident of another state purchases an aircraft in another state without paying tax, brings the aircraft into Florida for de minimis personal use 6 months or more after purchase. Presumed not purchased for use in Florida.	Resident of another state purchases an aircraft in another state and pays tax at a rate less than the Florida rate, brings the aircraft into Florida within first 6 months of purchase for use related to training, repair, customization, or business use. Tax owed only on the difference between the rate paid and the Florida rate.	Artificial entity owned by Florida resident purchases an aircraft in another state without paying tax, uses the aircraft in Florida within 6 months of purchase.
“Flyaway exemption.” Resident of another state purchases an aircraft in Florida and removes the aircraft from Florida within 10 days of purchase. Not engaged in business in Florida. No officers, directors, or individuals authorized to participate in management, direction, or control are Florida residents.		** Indicates areas HB 1379 and SB 2856 seek to clarify.	Resident of another state purchases an aircraft in another state without paying tax, brings the aircraft into Florida within first 6 months of purchase for use related to training, repair, customization, or business.**

Source: Florida Department of Revenue

Other States Sales and Use Taxes

Most states impose sales and use taxes; tax rates range between 3% and 10%.¹⁵ A few states, such as Alaska, Montana, New Hampshire, Delaware and Oregon, do not have a sales and use tax, but they may collect registration fees and/or personal property tax on aircraft. Table 4A provides a cross-state comparison of the tax rates and other provisions that are applicable to general aviation. A cross comparison of sales and use tax exemptions appears in Appendix H.

Table 4A

General Aviation – Sales Tax Comparison

Source: Conklin & de Decker Database Extract – State Tax Guide for General Aviation

STATE	SALES TAX PROVISION FOR GENERAL AVIATION
Alabama	2%. Aircraft are subject to automotive rate of 2 percent, plus local taxes ranging from 1/100 to 3%.
Arizona	5.60%. Arizona imposes a Transaction Privilege Tax (TPT) that differs from the sales tax imposed by most states. The tax is levied on the seller, not the purchaser. The seller may pass the burden of the tax onto the purchaser; however, the seller is ultimately liable to Arizona for the tax. The TPT applies to the retail sales of aircraft. In addition, all 15 counties levy a tax. Incorporated municipalities also levy a transaction privilege tax that range approximately from 1% - 3.5%.
Arkansas	6% plus local taxes of 1% - 4%. Effective March 1, 2004, the Arkansas state sales and use tax rate will increase from 5.125 percent to 6 percent and the special Texarkana state sales and use tax will increase to 7 percent. In addition, there are local taxes that range from 1 percent to 4 percent. These taxes are levied upon the gross proceeds or gross receipts derived from all sales to any person.
California	7.25%. The standard statewide sales and use tax rate in California is 7.25 percent. District taxes are additional and range from .5 percent to 1.50 percent. Currently the overall sales and use tax rate in California ranges from 7.25 percent to 8.75 percent.
Colorado	2.90%. The state sales/use tax rate is 2.9 percent, effective 1/1/01, plus local taxes ranging from 1% - 5.5%.
Connecticut	6%. For the privilege of making any sales as defined in Connecticut General Statute 12-407(2) at retail, a tax is hereby imposed at the rate of 6 percent of the gross receipts. The 6 percent sales tax is a statewide rate, and there are no local sales taxes.
Delaware	0.384%. Delaware does not impose a state sales tax or compensating use tax. Delaware does impose a gross receipts tax on the total consideration received by a wholesales for goods physically delivered within the state to the purchaser or his agent.
Florida	6%. The state sales tax is imposed a the rate of 6 percent of the sales price of each item or article of tangible personal property when sold at retail in this state, computed on each taxable sale for the purpose of remitting the amount of tax due the state. In addition, local discretionary sales surtaxes, ranging from .5% - 1.5% may be imposed only on the first \$5,000 of the sales price of an item of tangible personal property.

¹⁵ When an aircraft is subject to Florida tax, credit will be allowed for any sales and use taxes paid by the aircraft owner to another state.

STATE	SALES TAX PROVISION FOR GENERAL AVIATION
Georgia	4%. Every purchaser of tangible personal property, at retail in this state, shall be liable for a tax on the sales price of the purchase at the rate of 4 percent, plus local taxes (1% - 3%) and a local option tax of 1%.
Hawaii	4%. "General Excise Tax" on sales at retail or import for consumption and .5 of 1 percent use tax on sales at wholesale for resale in the state or imports for resale. The general excise tax is levied against a person for the privilege of engaging in business within the state. As a complement to the general excise tax, a use tax is imposed upon tangible personal property that is imported or purchased from unlicensed out-of-state sellers for use or for further resale of property in Hawaii. The use tax is levied at the rate of .5 of 1 percent if the property is not intended for resale at retail, 4 percent if such property is intended for use by the importer or purchaser or no tax if such property is intended for resale at wholesale.
Idaho	6%. Effective October 1, 2006, the state sales tax rate went up to 6%. There are five cities that impose a "resort cities tax" of .5%. This is a sales tax that is administered by the cities themselves. The five cities are Driggs, Ketchum, Lava Hot Springs, Stanley and Sun Valley. In addition, Kootenai county will be enacting a county wide sales tax at the rate of .5%, effective April 1, 2004.
Illinois	6.25%. The statewide rate is 6.25 percent. However, effective July 1, 2008, additional tax assessed by local governments may raise the rate as high as 10.25 percent. The applicable local rate is based on the location where the purchase order is signed.
Indiana	7%. Effective April 1, 2008, the state gross retail tax went up to 7%.
Iowa	5%. Effective July 1, 2008, the excise tax that is imposed on the "use" in this state of tangible personal property, including aircraft subject to registration under section 328.20, purchased for use in this state, has increased to 6 percent of the purchase price of the property. Some cities and unincorporated areas of some counties impose a local option tax of up to 1%.
Kansas	5.30%. For the privilege of engaging in business of selling tangible personal property at retail in this state, or rendering or furnishing any of the services taxable under this act, there shall be collected and paid a tax at the rate of 5.3 percent. Local retailers' sales tax applies to in-state transactions. Local taxes can range from 1 percent to 3.35 percent.
Kentucky	6%. For the privilege of making "retail sales" or "sales at retail", a tax is imposed on all retailers at the rate of 6 percent of the gross receipts of any retailer within this Commonwealth on or after July 1, 1990. Use tax of 6% is imposed on the storage, use of other consumption of tangible personal property purchased for storage, use or other consumption in this state.
Louisiana	4%. The rate of sales and use tax collected by the Department of Revenue is 4%. This tax is made up of three parts: RS 47:302(A) = 2%, 47:321(A) = 1% and 47:331(A) = 1%. Sales and use taxes are also collected by local government agencies in 63 or 64 Louisiana parishes.
Maine	5%. The sales and use taxes are imposed at the rate of 5% (effective July 1, 2000) on the value of all tangible personal property. Effective January 1, 2007, sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines or that are in use by an FAA classified 135 operator will be exempt from sales tax.

STATE	SALES TAX PROVISION FOR GENERAL AVIATION
Maryland	6%. The general Maryland sales and use tax rate is 5 percent (1 cent on each 20 cents or fraction thereof). Effective January 3, 2008, the sales/use tax rate will increase to 6%.
Massachusetts	5%. An excise tax is hereby imposed upon sales at retail in the Commonwealth, by any vendor, of tangible personal property or of services performed in the Commonwealth at the rate of 5 percent of the gross receipts of the vendor from all such sales of such property or services, except as otherwise provided in this chapter. (Effective March 1, 2002, the sale of aircraft is exempt from the state sales and use taxes.)
Michigan	6%. There is a levied upon and there shall be collected from every person in this state, a specific tax for the privilege of using, storing or consuming tangible personal property in this state at a rate equal to 6 percent of the price of the property or services. NOTE: Governor's Tax Restructuring Proposal for FY '08 proposes a sales tax break for vehicles traded in and a 2% use tax on services to include repair and maintenance service.
Minnesota	6.50%. Except as otherwise provided in this chapter, there is imposed an excise tax of 6.5 percent of the gross receipts from sales at retail made by any person in this state. In addition, there are local taxes that range from .15% to 1%, that may be imposed.
Mississippi	3%. The retail sales of aircraft shall be taxed at the rate of 3 percent.
Missouri	4.225%. Upon every retail sales of tangible personal property, a tax equivalent to 4.225 percent of the purchase price paid or charged shall be applied, plus local taxes.
Nebraska	5.50%. The gross receipts from the sale, lease or rental of aircraft for private or business use is subject to the tax. In addition, 131 cities impose a local option tax of .5 percent to 1.5 percent.
Nevada	6.50%. The Nevada taxes are made up of a combination of taxes and although an aircraft may be exempt from one of these taxes, it may not be exempt from them all. Therefore, it is necessary to carefully examine the application and the exemption of each of the taxes imposed under NRS 372, 374 and 377. The taxes imposed under each of these sections are as follows: NRS 372 – Nevada sales/use tax (2%); NRS 374 – Local school support tax (2.25%); and NRS 377 – City-county relief tax (2.25%). These and various combinations of the county option taxes comprise the total Nevada sales/use tax for each Nevada county. These taxes are collected as a single tax by the State. These taxes range from 6.5% to 7.75%.
New Jersey	7%. The New Jersey Sales and Use Tax Act imposes a tax of 7 percent upon the receipts from every retail sale of tangible personal property and the sale of certain services, except as otherwise provided in the Act. NOTE: New Jersey increased the state sales/use tax on July 15, 2006.
New Mexico	5%. There is a 5 percent gross receipts tax and a 5 percent compensating use tax that is imposed directly on every person engaging in business in New Mexico. The vendor is the taxpayer and is not merely a collector for the state of a tax owned by buyers. Fifty percent of the receipts from selling agricultural implements, farm tractors, aircraft or motor vehicles that are not required to be registered under the Motor Vehicle Code may be deducted from gross receipts, plus local taxes ranging from .125% - 2%.
New York	4%. Effective June 1, 2005, the State Tax Rate is 4 percent. In addition, there are local tax rates that vary by locality up to an additional 5.5 percent for a combined maximum of 9.5 percent.

STATE	SALES TAX PROVISION FOR GENERAL AVIATION
North Carolina	4.25%. The general rate of tax for North Carolina is 4.25 percent, plus any local sales and use tax. However, for aircraft there is a 3 percent state sales tax, including all accessories attached to the item when it is delivered to the purchaser. The maximum tax is \$1,500 per aircraft. Local sales/use taxes do not apply to aircraft but does apply to parts and labor. Effective 8/1/07, the general state tax rate of 4.25% was made permanent. Effective October 1, 2008, the tax rate will increase to 4.5% and effective October 1, 2009, the tax rate will increase to 4.75%.
North Dakota	5%. A 5 percent aircraft excise tax is imposed on the purchase price of any aircraft purchased or acquired either in or outside the State of North Dakota and required to be registered under the laws of the State. A 3 percent aircraft excise tax applies on aircraft or helicopters designed or modified for the “exclusive” use as agricultural aircraft for aerial application of agricultural chemicals, insecticides, fungicides, growth regulators, pesticides, dusts, fertilizer or other agricultural materials.
Ohio	5.50%. Effective July 1, 2005, the state sales/use tax rate will decrease to 5.5%. This tax is on each retail sale made in the State. In addition, there are local taxes that range from .25% to 2.5%.
Oklahoma	3.25%. An “aircraft excise tax” of 3.25 percent is levied on the purchase price of each aircraft that is to be registered with the FAA upon transfer of legal ownership of any such aircraft within this state. The excise tax is due at the time of the transfer of legal ownership or first registration in Oklahoma. The excise tax is to be collected at the time of issuance of a certificate of registration. Local taxes range from 3.25% to 3.875% depending on the locality.
Pennsylvania	6%, plus local taxes in Philadelphia and Allegheny counties of 1 percent. The tax shall be imposed on the purchase price at a rate of 6 percent. The purchase price is the total value of anything paid or delivered, whether it is money or otherwise, in complete performance of a sale, lease or purchase. NOTE: Pennsylvania Governor Edward G. Rendell has proposed at 1% increase in the state sales/use tax (2/7/07).
Rhode Island	7%. Where the amount of the sale is more than one dollar and seven cents (\$1.07) the amount of the tax is computed at the rate of 7 percent. (Effective January 1, 2005, aircraft are exempt from the application of the state sales/use tax). A purchaser of tangible personal property who gives a resale certificate therefore, and who uses the property solely for demonstration of display while holding it for resale in the regular course of business, is not required to pay tax on account of such use.
South Carolina	6%. State sales and use taxes are imposed at the rate of 6 percent, effective July 1, 2007. In addition, there are local tax rates that vary from 1 percent to 2 percent, depending on the county. However, Code Section 12-36-2110 provides that with respect to the sale or lease or aircraft, the maximum state tax is \$300 and local taxes do not apply.
South Dakota	4%. Aircraft are subject to a “registration tax” of 4 percent based upon the total purchase price of the aircraft, except for aircraft used exclusively for agricultural crop dusting, fertilizing, spraying, seeding or defoliating purposes. Then the tax shall be 3 percent. Aircraft subject to the tax imposed under this chapter are exempt from taxes imposed under chapters 10-45 and 10-46. The “registration tax” is administered by the SD DOT.

STATE	SALES TAX PROVISION FOR GENERAL AVIATION
Tennessee	7%. (Local Taxes 1.5% - 2.75%) Effective July 15, 2002, the state sales and use tax increased to 7%. For the exercise of the privilege of engaging in the business of selling tangible personal property at retail in this state, a tax is levied on the sales price of each item or article or tangible property when sold at retail in this state. The tax is to be computed on gross sales for the purpose of remitting the amount of tax due the state and is to include each and every retail sale. The tax shall be levied at the rate of 7 percent.
Texas	6.25%. The state sales tax rate is 6.25%. Additionally, there are local sales and use taxes imposed by local jurisdictions, including cities, counties, special purpose districts and transit authorities. Generally the combined local rate cannot exceed 2 percent, making 8.25 percent the highest possible rate.
Utah	4.65%, plus local taxes. Effective January 1, 2008, the Utah general sales and use tax rate decreased from 4.75% to 4.65%. The state sales tax is imposed on the purchaser or lessee for the amounts paid or charged for retail sales of tangible personal property.
Vermont	6%. Except as otherwise provided in this chapter, there shall be paid a tax of 6 percent upon the receipts from the sale of tangible personal property sold at retail in this state.
Virginia	2%. Aircraft are subject to the Virginia Aircraft Sales and Use Tax of 2 percent imposed on the sale price for each aircraft sold in the Commonwealth and for each aircraft not sold in the Commonwealth but required to be registered for use in the Commonwealth. However, the combined state and local rate is 5 percent (effective 9/1/04).
Washington	6.50% plus local taxes ranging from .5 to 2.4%. There is levied and there shall be collected a tax on each retail sale in this state equal to six and five-tenths percent of the selling price.
West Virginia	6%. The West Virginia Sales and Service Tax is imposed on sales of tangible personal property and selected services in the state at the rate of 6 percent, statewide.
Wisconsin	5%. There is a state sales and use tax rate of 5 percent. In addition to the state tax rate, most of Wisconsin's 72 counties have adopted a 0.5% county sales and use tax. Also, there is a .1% baseball stadium sales and use tax in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties and a .5% football stadium sales and use tax in Brown county. County and/or stadium sales and use taxes are imposed upon every aircraft: 1) the aircraft must be registered or titled with the State of Wisconsin, and 2) the aircraft is to be customarily kept in a county with the county and/or stadium sales and use tax.
Wyoming	4%. There is levied and shall be paid by the purchaser on all sales an excise tax of 3 percent upon all events as provided by WS 39-15-03(a). Effective July 1, 1993, in addition to the sales tax under subsection (a) of this section, there is imposed an additional sales tax of 1 percent which shall be administered as if the sales tax rate under subsection (a) of this section was increased from 3 percent to 4 percent. Counties are entitled to impose a General and Special Option Tax that ranges from .5 percent to 2 percent. In addition, resort district areas have the option to impose an additional 1 percent tax.

There appear to be six states that have neither sales taxes nor other provisions to tax aircraft: Alaska, Massachusetts, Montana, New Hampshire, Oregon and Rhode Island. To test the hypothesis that these

states have engendered extraordinary numbers of registered aircraft as a result of these provisions, the following table was developed. With the exception of Alaska which has unique transportation challenges, it does not appear that the lack of taxation in these states has spurred a greater than normal number of residents to purchase aircraft.¹⁶

Table 4B
General Aviation – Comparison to States without Taxation

Geographic Area	7/1/2006 Population	General Aviation Aircraft	Per Capita
United States	298,362,973	221,943	0.001
Alaska	676,301	6,201	0.009
Florida	18,019,093	14,226	0.001
Massachusetts	6,443,424	2,655	0.000
Montana	945,428	2,911	0.003
New Hampshire	1,308,824	1,320	0.001
Oregon	3,680,968	4,800	0.001
Rhode Island	1,058,991	320	0.000

Source: U.S. Census Bureau and 2007 General Aviation Statistical Databook

Discovery/Enforcement

Aircraft are purchased from registered dealers, brokers, businesses, and private owners. Florida law requires aircraft dealers and brokers to collect sales tax from the purchaser at the time of sale unless it is an exempt transaction to a nonresident. All others are expected to self-remit the applicable sales or use tax to the Department of Revenue.

The Department of Revenue has established the Aircraft Enforcement Unit to find owners of aircraft in Florida that owe tax. It uses various data sources such as FAA registration information and Florida residency to discover aircraft owners who have not paid the tax.

According to the Department of Revenue, enforcement actions typically result from comparing monthly third-party FAA aircraft registration data and internal sales tax records. During the past two years, the Department of Revenue's potential and real enforcement actions have received heightened attention¹⁷ in aviation trade publications and at the National Business Aircraft Association Conference. This has primarily resulted from some unique (albeit rare) enforcement cases. The shadow cast by these high profile cases has given the impression that Florida is actively pursuing sales and use taxes from out-of-state owners who have purchased aircraft and – within the first six months – used those aircraft for business or pleasure travel in the state. According to the Department of Revenue, they do not actively pursue sales and use tax enforcement cases involving aircraft owners residing out of state.¹⁸

¹⁶ Note that 96% of Montana's total road and street mileage is rural.

¹⁷ See Appendices E and F

¹⁸ EDR staff met with department enforcement staff on October 17, 2008 about the current status of enforcement activities regarding the sales and use of aircraft.

In state fiscal year 2006-2007, the Department of Revenue claimed total aircraft sales and use tax revenue of \$33.9 million.¹⁹ Of this amount, the sales and use tax revenue collected through registered aircraft dealers was \$23.5 million, while the discovery process brought in another \$10.4 million. The latter represents 30.7% of the total aircraft sales and use tax revenue in Florida.

More recently, total aircraft sales and use tax (dealers' remittance plus enforcement discovery) appears to have grown to approximately \$36 million annually. Table 5 shows the reported collections for the past five fiscal years. As discussed later in greater detail, these figures may be significantly inflated.

Table 5
Florida Sales and Use Tax Revenue on Aircraft
 (Based on data from Kind Code 27)

Fiscal Year	Revenues Collected through Dealers	Discovery Revenues	Total Tax Revenues
2003-04	\$17,598,609	n/a	n/a
2004-05	\$20,456,895	n/a	n/a
2005-06	\$21,953,048	\$6,604,527	\$28,557,575
2006-07	\$23,510,991	\$10,349,945	\$33,860,936
2007-08*	\$25,567,252	\$10,763,943	\$36,331,195

*estimated

Source: Florida Department of Revenue

¹⁹ Florida Department of Revenue Kind Code 27 Sales and Use Tax Data

PROPOSED LEGISLATIVE CHANGES

During the 2008 Legislative Session, several changes to Florida's sales and use taxes were explored by the legislature. As they relate to the retail sale of airplanes, they can be loosely categorized as follows:

1. Authorizing aircraft to be brought into the state temporarily when the owner is not a state resident – or more specifically for flight training, maintenance or other similar purposes – within 6 months of purchase when the owner is not a state resident.
2. Requiring the owner²⁰ of an aircraft purchased or delivered in the state to be a resident of the state before the sales and use tax is applicable.
3. Reducing the rate of sales and use taxation on airplane purchases or providing a total exemption.

The three approaches, all of which were proposed for HB 1379 at one time or another during the legislative session, are discussed below. The estimated revenue impacts adopted by the Revenue Estimating Impact Conference in 2008 are also shown:

1. **Policy Change** – The first potential policy change authorized nonresident owners to temporarily bring aircraft into the state during the first 6 months of purchase. This change would have allowed nonresident aircraft owners to use recently acquired aircraft to visit, vacation, or obtain limited aircraft maintenance, avionics repair or retrofit services, etc. without fear of triggering the sales tax. A variant of this proposal limited the allowable purpose of the Florida travel to flight training, maintenance or other similar purposes within 6 months of purchase.

Revenue Impact - During the 2008 Legislative Session, the Revenue Estimating Conference projected a loss in sales and use tax revenues of approximately \$1.1 million per year for Fiscal Years 2008-09 through 2011-12 if this measure were enacted.

2. **Policy Change** – The second potential policy change limited the imposition of the sales and use tax to those recently acquired aircraft owners²¹ who are residents of the state. This change would have effectively exempted aircraft purchased by nonresidents from the sales and use tax and any locally imposed discretionary sales surtaxes.

Revenue Impact - During the 2008 Legislative Session, the Revenue Estimating Conference projected a loss in sales and use tax revenues of approximately \$9.1 million annualized for Fiscal Year 2008-09, \$9.3 million for 2009-10, \$9.7 million for 2010-11 and \$10.1 million for Fiscal Year 2011-12 if this measure were enacted.

3. **Policy Impact** – The third potential policy change would have reduced the rate of sales and use taxation by half, to 3 percent, for the purchase of aircraft. This change would have reduced the tax burden of new owners by half of the existing sales and use tax rate.

²⁰ The term “owners” includes fractional ownership arrangements.

²¹ The term “owners” includes fractional ownership arrangements.

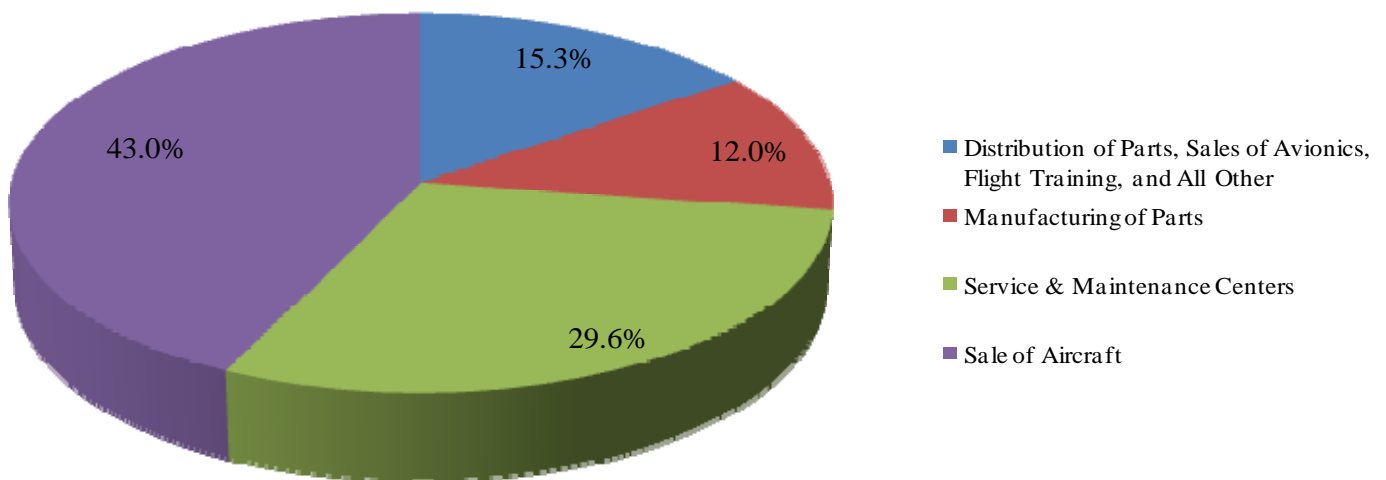
Revenue Impact - During the 2008 Legislative Session, the Revenue Estimating Conference projected a loss in sales and use tax revenues of approximately \$17.0 million annualized for Fiscal Year 2008-09, \$17.2 million for 2009-10, \$17.8 million for 2010-11 and \$18.6 million for Fiscal Year 2011-12 if this measure were enacted.

Although not included in any of the 2008 proposals, providing a complete exemption for aircraft from sales and use taxation would remove all aircraft purchases in Florida from taxation – regardless of the owner’s residence. Based on the sales and use tax revenues provided in the analyses conducted by the Department of Revenue during the 2008 Legislative Session, this exemption would result in a loss in sales and use tax revenues of approximately \$37.0 million annualized for Fiscal Year 2008-09, \$37.5 million for 2009-10, \$38.8 million for 2010-11 and \$40.5 million for Fiscal Year 2011-12.

While preparing this analysis, EDR staff noted that the Kind Code 27 registered dealer data provided by the Department of Revenue included yacht and boat dealers as well as many firms that provide aviation parts, supplies and services other than the sale of aircraft. To gauge the affect this might have on the reported sales and use tax collection levels, staff developed a list of the top one hundred Kind Code 27 registered dealers based on gross sales. Internet research was conducted to determine the principal business activity of each of the registered dealers on the list.

Graph A displays the percent of gross sales by various types of firms operating in Florida’s aircraft industry.²² Roughly 43 percent of all gross sales are concentrated in firms whose principal business activity appeared to be related to the sale of aircraft. The next largest activity involved service and maintenance facilities. The manufacturing of parts represents about 12 percent of the total and 15 percent is attributed to distribution, avionics, and flight training.

Graph A: Gross Sales by Type of Firm



²² This graph is a representation of a data query that combined DOR sales tax data and information found on the internet. This sample was queried from DOR records and accounts for roughly 80 percent of all gross sales tax activity in the Department’s “aircraft dealer” registry. Internet searches on the firm’s name provided guidance in determining the firm’s primary sales activity; however, many of the firms had multiple operations spanning into different categories.

In order to develop a better estimate of the total tax revenue generated from the sale and use of aircraft in Florida, it is necessary to adjust the aggregated revenues derived from Kind Code 27 by the principal activity of the business represented in kind code 27.

Table 5 displays a forecast of the sales and use taxes collected from Kind Code 27, an adjustment for primary business activity related to aircraft sales, audit discovery revenue, and a total of the adjusted revenues and discovery. It is assumed that the difference between the sales and use tax defined under kind code 27 and the total represents revenues remitted by maintenance and service facilities, parts manufacturers, and distribution, avionics and flight training firms.

Table 5
Projected Kind Code 27 Sales and Use Revenues Factored for Principal Business Activity

FY	Projected Sales & Use Revenue (Kind Code 27)	Adjustment Factor (.43 Share)	Discovery Revenue	Adjusted Tax Revenue (.43 + Discovery)	Difference (Projected less Adjusted)
2008-09	\$ 26,027,462	\$ 11,191,809	\$ 10,957,694	\$ 22,149,503	\$ 14,835,653
2009-10	\$ 26,417,874	\$ 11,359,686	\$ 11,122,059	\$ 22,481,745	\$ 15,058,188
2010-11	\$ 27,289,664	\$ 11,734,556	\$ 11,489,087	\$ 23,223,643	\$ 15,555,108
2011-12	\$ 28,463,120	\$ 12,239,142	\$ 11,983,118	\$ 24,222,260	\$ 16,223,978

Source: Analysis performed by EDR

ECONOMIC ANALYSIS

This study focuses on the economic impact of changes to Florida's sales and use tax on aircraft. While eliminating Florida's sales tax on aircraft would likely increase aircraft sales in Florida, the sales impact would probably be small.

It appears that Florida's sales tax on aircraft is easily avoided for many owners. Because an aircraft purchase involves a significant amount of money, there is an incentive to avoid the tax even though the tax is a relatively small part of the purchase price. More expensive aircraft are likely to be owned by corporations because of the tax implications for depreciation and operating expense write-offs, as well as the greater benefit for business use. A corporation registered in another state can avoid Florida's sales tax by claiming the state where the corporation is registered even though the aircraft may be frequently used in Florida. The sales tax in the state of registration must be paid, but the sales tax in that state may be considerably less.

When an aircraft is owned by a group of persons with each person in the group owning a fractional share, Florida's sales tax may be avoided by using an out-of-state corporation as the owner of the aircraft. An individual can also attempt to avoid Florida's sales tax by becoming a registered dealer and purchasing the aircraft as a dealer or through other tax avoidance behaviors such as keeping the plane out of the state for six months.

When the FAA registration of an aircraft changes and the new owner gives a Florida Address, the Florida Department of Revenue checks the new owner against a list of those who have paid Florida's sales tax. While this check will detect tax avoidance when a Florida address is used, the use of an out-of-state address will not be detected. More stringent enforcement methods such as requiring airports and fixed base operators to submit listings of tail numbers of aircraft stored at their airports, conducting random checks of aircraft at Florida airports, or auditing aircraft manufacturers or dealer's sales records are not used to enforce the collection of Florida's sales tax. With the many methods available to avoid Florida's sales tax and the lack of aggressive enforcement by the Department of Revenue, most of the tax burden appears to fall on individual owners of relatively less expensive aircraft. This finding is premised on the belief that the amount of legal and illegal aircraft sales tax avoidance by Florida residents - while unknown - is significant.

While those with an out-of-state registration may avoid paying Florida's sales tax, they may be captured by another part of Florida's tax code. If an aircraft uses Florida airspace within six months after purchase (with certain exemptions for de minimis personal use and removing a newly purchased aircraft from Florida) the owner can be subject to the difference between the sales tax paid to another state and Florida's sales tax. This provision could potentially affect owners who use an out-of-state address to avoid Florida's sales tax and visitors from other states. Enforcing this provision is problematic, but can ensnare a Florida visitor who happens for some reason to come the attention of the Florida Department of Revenue.

A nonresident might visit Florida on business, to attend an aviation event such as a conference or fly-in, for a vacation, or to receive flight training or repairs. The sensitivity and response of these events to various impediments varies. Business trips are time sensitive and generally cannot be postponed. Vacation trips are generally not time or location sensitive and can be altered. For aircraft owners, an exception to vacation flexibility is attendance at a particular fly-in or conference on a given date or the location of a second home or time-share property in Florida.

Any negative publicity²³ regarding Department of Revenue enforcement activities might discourage nonresidents from visiting Florida – whether the information is real or perceived. As discussion of Florida’s enforcement of the use tax on nonresident aircraft owners spreads, it is difficult to estimate how many additional aircraft trips to Florida would have occurred in the absence of this discussion. It is even more difficult to estimate secondary effects such as a business deal that might have occurred if a trip had been made. However, the tax and economic impact is limited by the six-month time frame applicable to the use tax.

VALUE MATRIX FOR POLICY CHANGES

RESIDENCY OF PURCHASER	POTENTIAL CONSTRAINT OF CURRENT LAW	CURRENT AUTHORIZATION	POLICY CHANGE VALUE RELATIVE TO CURRENT LAW
Out-of-State	FL Aircraft Purchase	Flyaway Exemption	Tax-Exempt or Reduced Tax ...limited value to purchase decision since most states have use tax; total exemption may ease tax administration
Out-of-State	FL Travel	1 st Six Months – De minimis personal use Post Six Months – de minimis personal use, training, repair, customization or business	Authorize Travel Within 6 months ...clarification and certainty would increase travel- and plane-related expenditures in FL (some leakage from purchasers who previously had to pay the tax partially offsets pure gain from new expenditures)
In-State	FL Aircraft Purchase	Rebuttable presumption when purchased out-of-state and kept 6 months out-of-state Owe use tax if purchase out-of-state and bring to FL within 6 months	Tax-Exempt or Reduced Tax ...modest value to ultimate purchase decision as avoidance behavior is reduced; may free tax savings for other types of FL purchases (leakages will prevent one-to-one increase)

²³ Florida Aviation Trades Association Newsletter, May 7, 2008, April 8, 2008, December 18, 2007, and May 21, 2007. Aero-News.Net May 23, 2007, March 14, 2008, April 1, 2008.

Using data from the Florida Department of Revenue that has been adjusted for principal business activity, it is estimated that a sales tax and use exemption on the sale of aircraft would reduce tax revenues by 22.1 million in fiscal 2008-09, 22.5 million in fiscal 2009-10, 23.2 million in fiscal 2010-11, and 23.8 million in fiscal 2011-12. To estimate the impact on the state's economy, these numbers were processed through the Regional Economic Models Inc. (REMI) Policy Insight model to reveal the economic and demographic effect on Florida.²⁴ Policy Insight is a dynamic forecasting and policy analysis tool that incorporates the strengths of an econometric model, an input-output model, and a computable general equilibrium model. The REMI model forecasts changes to the economy on a year-by-year basis.

The REMI model uses calendar years instead of Florida's fiscal year, so the average of the tax impact for fiscal 2008-09 and 2009-10 was entered as calendar 2009 (22.3 million) with similar calculations for calendar years 2010 and 2011 (22.9 and 23.7 million respectively). While the reduction to Florida's sales tax revenue is measured in millions of dollars, it is only about 0.1% of total sales tax revenues collected. In the first run, no offsetting benefit increase was added so the impact can be thought of as a worst case scenario.²⁵

While simply reducing the sales tax collected causes Florida's economy to decline because there is no offsetting benefit, one can also view the results as the economic activity increase needed to replace the sales tax if the revenue simply disappeared. Viewed this way, REMI model results indicated that Florida's Gross Regional Product would need to increase about 0.003% (about 20 million real dollars measured in 2000 dollars) above what it otherwise would have been in calendar years 2009, 2010 and 2011. Real personal income measured in 2000 dollars would need to increase about 0.002% (13, 14 and 15 million) during the same years. Real disposable personal income would need to increase about 0.002% (about 12 million measured in real 2000 dollars). Employment would need to increase about 450 persons above what it otherwise would have been each year. The question is whether these levels are achievable?

The government basket of goods assumes a fixed investment component. Usually, fixed investments such as construction and the provision of infrastructure have the largest economic multipliers. In this regard, there is general consensus that the multiplier for infrastructure investments ranges between 1.5 and 2.0. Several studies have found that appropriate multipliers for tourism are less, ranging from 1.5 to 1.8.

Additional REMI runs were conducted that can be thought of as best case – but generally unachievable – scenarios. They included reinvesting an amount equivalent to the tax loss in the following areas:

- 100% into Personal Consumption
- 50% into Personal Consumption and 50% into Non-Residential Capital (Business)
- 100% as an increase to the level of final demand for Aerospace Product & Parts Manufacturing
- 100% as an increase to Aerospace Product & Parts Manufacturing Compensation

²⁴ Additional information about Regional Economic Models Inc. and the Policy Insight model can be found at <http://www.remi.com/>.

²⁵ It is difficult to determine where an offsetting stimulus impact should be added to the REMI model because the sales tax on aircraft affects both businesses and consumers, and is a very small part of durable goods. The REMI model does not have durable goods, consumer or business detail for aircraft sales.

Since many of the benefitting individuals and business entities are not located in Florida, a significant part of the savings will be spent elsewhere and the leakage under any scenario will be significant. Because the savings generated by the exemption will not be spent exclusively in Florida, these scenarios can only provide a theoretical upper bound because they relax reality to assume that Florida achieves the *entire* benefit. Even given this (unrealistic) assumption, the results indicate that the annual tax losses associated with a total sales tax exemption will not be recouped from increased economic activity.

As a practical matter, there are some concerns with using the REMI Model to analyze smaller adjustments. REMI analyses have a significant degree of discretion, and, therefore, a large margin of error. The working threshold appears to be around \$10 million dollars, depending on the type of issue. For this reason, the remaining proposals were not deemed suitable for REMI analysis.

For budgetary purposes, the speed at which the creation of an exemption pays for itself is an important consideration. Using the constitutionally required Long-Range Financial Outlook as a guide, three years might provide a reasonable timeframe. Switching to a more traditional and rigorous feasibility analysis to gauge the likelihood of the required economic activity coming to pass, the results are the same. It does not appear feasible that the tax loss to the state of exempting all noncommercial aircraft from the sales and use tax could be offset from increased activity in the short-run – even using the most liberal of parameters. [See Table 6 on the following page for details.]

On the other hand, it is feasible that allowing temporary visits for nonresidents could generate the additional tax dollars needed to offset the loss. With no downstream economic development activity, between 16,423 and 24,077 additional visitors would be needed in the first year.²⁶ Effectively, this equates to an additional trip by 5.8% to 8.5% of the aircraft registered outside the state of Florida – or, to the extent that the planes are carrying multiple passengers, commensurately lower percentages would be required. [See Table 7 for details.] However, there is strong reason to believe that assuming typical tourist expenditures is inadequate for this sub-population. Because airplane owners have additional taxable expenses associated with fueling, storage and maintenance, it is realistic to use higher levels of expenditures. For example, depending on the aircraft type, trip profile and plane size, jet fuel prices can range from \$990 to \$15,551 per leg. Similarly, aviation fuel can start out at \$450 per leg. Simply doubling the amount of money spent per visitor reduces the required number of additional visitors to between 8,212 and 12,039 in the first year. These numbers are equivalent to an additional trip by 2.9% to 4.2% of the aircraft registered outside the state of Florida. And – as discussed previously – the Department of Revenue has recently indicated that they do not actively enforce the 6-month rule on nonresidents. If that is the case, future discovery collections may decrease – making this policy change even more feasible.

Finally, a similar methodology was used to evaluate a reduction in the sales tax rate from 6% to 3%. While the results were not conclusive, it is not infeasible that sufficient activity can be generated to offset the losses. However, it takes strong assumptions to reach this conclusion. Essentially, the sales tax savings has to be a sufficient inducement to eliminate **all** current tax avoidance behaviors by Florida residents, and the number of undetected avoiders has to roughly equal or better the currently “discovered” number. These assumptions – while not unreasonable – are questionable and cannot be completely verified with existing data. [See Table 8 for details.]

²⁶ The largest “fly-in” in the state (the annual “Sun ‘n Fun Fly-In”) is held at the Lakeland Linder Regional Airport. In 2004, they hosted nearly 5,000 planes – approximately 1,500 of them (33%) were from out-of-state. Annual attendance = 160,000.

TABLE 6
Feasibility Analysis for Complete Exemption

ISSUE

Total sales and use tax loss for one year:		\$22,149,503
Taxable sales to generate this amount:		\$369,158,383

OUT OF STATE

DOT Study of Aviation Economic Impact (2000):		\$50,115,489,600
Amount of spending per visitor (2007 VISIT Florida Air Travel):	\$	1,136.41
Amount of sales tax generated per visitor:	\$	68.18
To generate \$22,149,503 in sales tax, additional visitors needed:		324,847
An increase in air visitors of:		0.74%
Registered aircraft trips (% of all registered aircraft minus FL):		114.25%

VISIT Florida Economic Impact from all visitors (2007):		65,500,000,000
Amount of spending per visitor (2007 VISIT Florida Total Visitors):	\$	775.15
Amount of sales tax generated per visitor:	\$	46.51
To generate \$22,149,503 in sales tax, additional visitors needed:		476,242
An increase in air visitors of:		1.08%
Registered aircraft trips (% of all registered aircraft minus FL):		167.50%

DOT Study of Aviation Economic Impact (2000):		\$50,115,489,600
Amount attributable per visitor (2007 VISIT Florida Air Travel):	\$	1,136.41
Amount of sales tax generated per visitor:	\$	68.18
To generate \$11,191,809 in sales tax, additional visitors needed:		164,140
An increase in air visitors of:		0.37%
Registered aircraft trips (% of all registered aircraft minus FL):		57.73%

VISIT Florida Economic Impact from all visitors (2007):		65,500,000,000
Amount attributable per visitor (2007 VISIT Florida Total Visitors):	\$	775.15
Amount of sales tax generated per visitor:	\$	46.51
To generate \$11,191,809 in sales tax, additional visitors needed:		240,638
An increase in visitors of:		0.28%
Registered aircraft trips (% of all registered aircraft minus FL):		84.64%

IN STATE

Cost per 6 months of Tie-Down:	\$	480.00
Sales tax generated by leased tie-down space:	\$	657,462
Additional planes needed to generate (\$10,957,694 - 657,462) :		21,459
Percentage of existing FL planes:		105.10%

Cost per 6 months of Hangaring:	\$	2,250.00
Sales tax generated by leased hanger space:	\$	657,462
Additional planes needed to generate (\$10,957,694 - 657,462):		4,578
Percentage of existing FL planes:		22.42%

TABLE 7
Feasibility Analysis for Nonresidents' Temporary Visits

ISSUE

Original REC Estimate	\$1,100,000
Original sales and use tax collections from Discovery	\$10,763,943
Ratio	0.102193035
New Discovery projection:	\$10,957,694
Adjusted sales and use tax loss for one year:	\$1,119,800
Taxable sales to generate this amount:	\$18,663,333

OUT OF STATE

DOT Study of Aviation Economic Impact (2000):	\$50,115,489,600
Amount of spending per visitor (2007 VISIT Florida Air Travel):	\$ 1,136.41
Amount of sales tax generated per visitor:	\$ 68.18
To generate \$1,119,800 in sales tax, additional visitors needed:	16,423
An increase in air visitors of:	0.04%
Registered aircraft trips (% of all registered aircraft minus FL):	5.78%
VISIT Florida Economic Impact from all visitors (2007):	65,500,000,000
Amount of spending per visitor (2007 VISIT Florida Total Visitors):	\$ 775.15
Amount of sales tax generated per visitor:	\$ 46.51
To generate \$1,119,800 in sales tax, additional visitors needed:	24,077
An increase in air visitors of:	0.05%
Registered aircraft trips (% of all registered aircraft minus FL):	8.47%

TABLE 8
Feasibility Analysis for Reduction from 6% to 3%

ISSUE

Total sales and use tax loss for one year: \$11,074,752
 Taxable sales to generate this amount: \$184,579,192

U.S. General Aviation Plane Shipments (2007)	3279
Percent Attributable to Florida	0.067
Florida Share	220
Low-Cost Planes	20,000
Generated Sales Tax	1,200
Sales to Equal Loss	9,229
Increased FL Activity	4201%
Mid-Cost Planes	150,000
Generated Sales Tax	9,000
Sales to Equal Loss	1,231
Increased FL Activity	560%
Higher-Cost Planes	400,000
Generated Sales Tax	24,000
Sales to Equal Loss	461
Increased FL Activity	210%
Upper-End Planes	1,000,000
Generated Sales Tax	60,000
Sales to Equal Loss	185
Increased FL Activity	84%

Induced In-State Activity

2008-09 Discovered Planes (YTD)	657
2008-09 Assesed Taxes (YTD)	8,800,000
Average Sales Tax	\$ 13,394
Average Plane Cost	\$ 223,237
2008-09 Discovery Revenue in FL	\$ 10,957,694
Affected Planes = Discovery Universe	818
Assume undetected avoiders = Discovery Universe	818
Assume generate 15% increase in in-state sales	33
Total Activity	851
Multiplied by Average Sales Tax	11,399,086
Percent of Existing FL Planes	4.2%
Annual Industry Growth - New Planes 2007	4.2%

1,636 Total
50.0% Detected

APPENDICES

- A. Sales and Use Tax on Aircraft Owners and Purchasers, Florida Department of Revenue
- B. Revenue Impact Conference Impact Analysis Aircraft Sales and Use Tax, Florida Department of Revenue
- C. Technical Summary For the Florida Airports Economic Impact Study, FASP 2000, Wilbur Smith Associates, Inc., August 2000
- D. HB 1379, Representatives Poppell, Attkisson, Glorioso, McKeel, and Seiler, 2008 Legislative Session
- E. Should New Aircraft Owners Avoid Florida, The Aero-News Network, Monday, May 21, 2007
- F. Florida Dept. of Revenue Threatens to Tax Shuttle Landings, The Aero-News Network, Tuesday, April 1, 2008
- G. Other Florida Sales and Use Tax Exemptions Related to Aircraft
- H. Cross State Comparison of Sales and Use Tax Exemptions

A. Sales and Use Tax on Aircraft Owners and Purchasers, FDOR

Sales and Use Tax on Aircraft Owners and Purchasers

What aircraft owners and purchasers need to know about using and purchasing aircraft in Florida.

What You Need to Know

If you are planning to purchase an aircraft in Florida or bring one into the state, the Florida Department of Revenue (DOR) reminds you that tax compliance is an important aspect of aircraft ownership. Tax dollars help fund airport construction, runway improvements, and other vital services for aircraft owners.

What is Taxable?

All aircraft sold and/or delivered in this state are subject to Florida's 6 percent sales tax, unless the transaction is specifically exempted by law. Florida aircraft dealers and brokers are required to collect sales tax from the purchaser at the time of sale or delivery.

If the aircraft is delivered into a county that imposes a discretionary sales surtax, then dealers must also collect this tax. Discretionary sales surtax applies only to the first \$5,000 of the aircraft purchase price.

All sales of aircraft between individuals are fully taxable if the sale and/or delivery occurs in Florida.

What Is Use Tax?

Use tax is a component of Florida's sales and use tax law. It is due on purchases made out of state and brought into Florida within 6 months of the purchase date.

The "use" component of sales and use tax provides uniform taxation of items such as aircraft, which may be purchased outside Florida, but used, hangared, or stored in the state.

Aircraft purchased and used outside Florida for more than 6 months are generally exempt when brought into Florida, if both of the following conditions are met:

- The owner has owned the aircraft for more than 6 months.
- The owner has used the aircraft in another state or states, U.S. territory, or District of Columbia 6 months or longer prior to bringing the aircraft to Florida.

To report use tax due to the State of Florida on the purchase of an aircraft, the purchaser should complete an *Ownership Declaration and Sales and Use Tax Report on Aircraft (Form DR-42A)*. See below for information on obtaining this and other forms.

Trade-Ins

If a sale and trade-in are included in a single transaction, the trade-in allowance may be deducted from the selling price. Only the net sales price is subject to Florida sales tax and any applicable discretionary sales surtax.

Tax Credits for Purchases Outside Florida

Florida will allow credit for sales or use taxes lawfully imposed and paid to another state, U.S. territory, or the District of Columbia, if the aircraft later becomes subject to Florida tax.

Florida will not allow credit for taxes paid to a foreign country and will not recognize use in a foreign country for any period of time. Any aircraft imported from a foreign country to Florida for use, distribution, or storage (with the intent to be used in Florida) is subject to Florida's use tax.

Specific Exemptions

An aircraft may be purchased tax-exempt if it is sold by or through a registered dealer to a nonresident purchaser who will remove the aircraft from this state. Within 5 days of the date of sale, the dealer must provide DOR with a copy of the invoice, bill of sale, and/or closing statement; and the original, signed, removal affidavit.

Tax will not be due if either of the following requirements are met:

- The aircraft must be removed from Florida within 10 days from the date of sale.
- If the aircraft needs repairs, additions, or alterations, it must immediately be placed in a repair facility registered with DOR and removed from Florida within 20 days from the date the work is complete.

The purchaser must also meet these requirements:

- Sign an affidavit attesting that the purchaser has read the applicable rules and law regarding the exemption claimed and will timely remove the aircraft as required.
- Within 10 days of removal, furnish DOR with proof that the aircraft left Florida (submit copies of receipts for fuel charges, tie-down charges, or repair or hangar charges from outside Florida).
- Within 30 days of departure, furnish DOR with written proof that the aircraft was licensed, registered, titled, and hangared outside Florida.

This exemption **does not apply** to sales to Florida residents, corporations whose officers or directors are Florida residents, or other entities whose controlling individual is a Florida resident.

Fixed Wing Aircraft Sales or Leases

The sale or lease of fixed wing aircraft having a maximum certified takeoff weight of more than 15,000 pounds and used by a "common carrier," as defined in Section 121 or 129 Federal Aviation Administration Regulations, is exempt from sales and use tax.

Maintenance or Repair of Aircraft

The amount charged customers for labor associated with the maintenance or repair of a fixed wing aircraft with a maximum certified takeoff weight of more than 15,000 pounds or a rotary wing aircraft (e.g., helicopters) with a maximum certified takeoff weight of more than 10,000 pounds is exempt from sales and use tax.

Equipment Used in Aircraft Repair or Maintenance

The sale of equipment used to maintain or repair fixed wing aircraft and rotary wing aircraft is exempt from sales and use tax when the equipment:

- Includes replacement engines, parts, and/or equipment used to maintain or repair the aircraft.
- Is used on an aircraft with a maximum certified takeoff weight of 15,000 pounds or a rotary wing aircraft with a maximum certified takeoff weight of more than 10,300 pounds.
- Is installed on aircraft maintained or repaired in Florida.

Registering Your Aircraft

Aircraft operated in this state must be registered in accordance with the regulations of the Federal Aviation Administration. Florida does not require a separate state registration of aircraft.

Penalty and Interest

Anyone who purchases an aircraft tax-exempt under the removal provisions of the Florida Statutes must pay use tax, interest, and a penalty equal to the tax due if the aircraft:

- Is not removed within 10 days of the date of purchase.
- Is not removed within 20 days after repairs are completed.
- Returns to Florida within 6 months of the date of departure.

The 100 percent penalty is mandatory and cannot be waived by DOR.

Any purchaser who issues a fraudulent removal affidavit for the purpose of evading tax is subject to payment of the tax due, interest, a mandatory penalty of 200 percent of the tax, a fine of up to \$5,000, and imprisonment up to 5 years.

Ramp Checks (Visual Inspections)

The Department periodically conducts ramp checks. These are visual inspections at Florida airports and fixed-base operation facilities to ensure the appropriate tax has been paid on aircraft in this state.

Reference Material

Tax Laws

Call Taxpayer Services to request a copy of Rule 12A-1.007, Florida Administrative Code, *Aircraft, Boats, Mobile Homes, and Motor Vehicles*; Rule 12A-1.071, F.A.C., *Rentals, Leases, or License to Use Tangible Personal Property*; and Rule 12A-15, F.A.C., *Discretionary Sales Surtax*. Tax laws are also available in the [Florida Tax Law Library](#).

Brochures

The following brochures are available from your local DOR service center, the DOR Distribution Center, or Taxpayer Services:

- *Florida's Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Aircraft - Dealers and Brokers*
- *Tangible Personal Property Rentals*

For Information and Forms

For **detailed responses** to your questions, contact:

Aircraft Enforcement Unit
Florida Department Of Revenue
PO Box 6417
Tallahassee FL 32314-6417
Telephone: 850-487-3273
Fax: 850-487-0969

Information and forms are available on our Internet site at **www.myflorida.com/dor**.

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call the TDD line at 800-367-8331 or 850-922-1115.

To receive forms by mail:

- Order multiple copies of forms from our Internet site at www.myflorida.com/dor/forms or
- Fax **form requests** to the DOR Distribution Center at 850-922-2208 or
- Mail **form requests** to:
Distribution Center
Florida Department of Revenue
168A Blountstown Hwy
Tallahassee FL 32304-2702

**B. Revenue Impact Conference Impact Analysis Aircraft Sales and Use Tax, Florida
Department of Revenue**

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

SECTION 1: NARRATIVE

a. Current Law:

- The retail sale of an aircraft is taxed at 6%.
- A registered dealer may sell an aircraft exempt to a non-resident purchaser when the purchaser removes the aircraft from Florida within 10 days of purchase (20 if being repaired or altered). Purchaser must provide proof of removal of aircraft.
- Aircraft brought imported into this state within the first 6 months of purchase is liable for use tax.

b. Proposed Change:

- The retail sale of an aircraft will be taxed at 3% or 4%.
- Exemption to a non-resident is allowed even if the purchaser doesn't remove the aircraft within 10 days and/or doesn't provide proof of removal of aircraft.
- Aircraft imported into the state within first six months if purchase is not liable for use tax if the plane is registered, titled, licensed or documented outside of the state.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

DOR return and enforcement data

FAA February 2008 registration data

REC Florida Economic Conference 02/2008 Real Personal Income Growth

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

ASSUME KIND CODE 27 PURCHASES WILL BE TAXED AT 3%

ASSUME THAT ENFORCEMENT WILL BE REDUCED TO OCCASSIONAL SALES TO FLORIDA RESIDENTS

ASSUME ENFORCEMENT WILL BE REDUCED TO 3% RATE

ASSUME UNITARY INCOME ELASTICITY OF DEMAND AND CONSERVATIVE GROWTH

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
3%	(\$17.0m)	(\$15.6m)	(\$17.2m)
4%	(\$11.3m)	(\$10.4m)	(\$11.5m)
6 months	(\$8.5m)	(\$7.8m)	(\$8.6m)

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
3%	(\$17.8m)	(\$18.6m)
4%	(\$11.9m)	(\$12.4m)
6 months	(\$8.9m)	(\$9.3m)

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SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 28 / 08) The conference adopted the proposed estimates.

3% Tax rate	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(15.0)	(13.8)	(15.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(15.0)	(13.8)	(15.2)
Revenue Sharing	(.5)	(.5)	(.5)
Local Gov't Half Cent	(1.4)	(1.3)	(1.5)
Local Option	(1.4)	(1.3)	(1.4)
Total Local Impact	(3.3)	(3.1)	(3.4)
Total Impact	(18.3)	(16.9)	(18.6)

3% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(15.7)	(16.4)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(15.7)	(16.4)
Revenue Sharing	(.5)	(.5)
Local Gov't Half Cent	(1.5)	(1.6)
Local Option	(1.5)	(1.6)
Total Local Impact	(3.5)	(3.7)
Total Impact	(19.2)	(20.1)

4% Tax rate	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(10.0)	(9.2)	(10.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(10.0)	(9.2)	(10.2)
Revenue Sharing	(.3)	(.3)	(.3)
Local Gov't Half Cent	(1.0)	(.9)	(1.0)
Local Option	(1.9)	(.9)	(1.0)
Total Local Impact	(2.2)	(2.1)	(2.3)
Total Impact	(12.2)	(11.3)	(12.5)

4% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(10.5)	(11.0)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(10.5)	(11.0)
Revenue Sharing	(.3)	(.4)
Local Gov't Half Cent	(1.0)	(1.1)
Local Option	(1.0)	(1.0)
Total Local Impact	(2.3)	(2.5)
Total Impact	(12.8)	(13.5)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

6 months	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(7.5)	(6.9)	(7.6)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(7.5)	(6.9)	(7.6)
Revenue Sharing	(.2)	(.2)	(.3)
Local Gov't Half Cent	(.7)	(.7)	(.7)
Local Option	(.7)	(.7)	(.7)
Total Local Impact	(1.6)	(1.6)	(1.7)
Total Impact	(9.1)	(8.5)	(9.3)

6 months	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(7.9)	(8.2)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(7.9)	(8.2)
Revenue Sharing	(.3)	(.3)
Local Gov't Half Cent	(.8)	(.8)
Local Option	(.7)	(.8)
Total Local Impact	(1.8)	(1.9)
Total Impact	(9.7)	(10.1)

	A	B	C	D	M	N	O	
1								
2	KC - 27 (Dealers)	Gross Sales	Taxable Purchases	Sales and Use Collected 6%	Real Personal Income Growth			
3	FY 04	\$ 3,991,665,945	\$ 307,423,241	\$ 17,598,609				
4	FY 05	\$ 4,403,489,950	\$ 345,261,807	\$ 20,456,895				
5	FY 06	\$ 4,915,419,469	\$ 364,696,844	\$ 21,953,048				
6	FY 07	\$ 5,260,355,832	\$ 388,488,605	\$ 23,510,991				
7	FY 08 -est	\$ 5,720,424,202	\$ 422,465,645	\$ 25,567,252				
8	FY 09-est		\$ 430,070,026	\$ 26,027,462	1.8%	Actual Annual growth since FY 04 10%		
9	FY 10-est		\$ 436,521,077	\$ 26,417,874	1.5%			
10	FY 11-est		\$ 450,926,272	\$ 27,289,664	3.3%			
11	FY 12-est		\$ 470,316,102	\$ 28,463,120	4.3%			
12								
13	Aircraft Discovery - based on physically being in Florida, owner is a resident of FL, or was brought in the first 6 months (at least one night)							
14								
15	Discovery	6%	Taxable Purchases	Real Personal Income Growth				
16	FY 06	\$ 6,604,527	\$ 110,075,450					
17	FY 07	\$ 10,349,945	\$ 172,499,083					
18	FY 08 -est	\$ 10,763,943	\$ 179,399,047	4.0%				
19	FY 09-est	\$ 10,957,694	\$ 182,628,230	1.8%				
20	FY 10-est	\$ 11,122,059	\$ 185,367,653	1.5%				
21	FY 11-est	\$ 11,489,087	\$ 191,484,785	3.3%				
22	FY 12-est	\$ 11,983,118	\$ 199,718,631	4.3%				
23								
24	1. Leases are still taxable at 6%. Discovery data showed the following instances of leases:							
25	Leases	38						
26	Total	2223						
27	% Leases	1.7%						
28								
29	Assume registered dealers are more likely to facilitate leases so assume less 10% leases for dealers and less 1.7% for discovery collections.							
30								
31	Total Taxable Purchases through registered dealers and discovery, less leases (sales).							
32								
33		Dealers	10%	Discovery	1.7%			
34	FY 08 -est	\$ 422,465,645	\$ 380,219,080	\$ 179,399,047	\$ 176,332,396			
35	FY 09-est	\$ 430,070,026	\$ 387,063,024	\$ 182,628,230	\$ 179,506,379			
36	FY 10-est	\$ 436,521,077	\$ 392,868,969	\$ 185,367,653	\$ 182,198,975			
37	FY 11-est	\$ 450,926,272	\$ 405,833,645	\$ 191,484,785	\$ 188,211,541			
38	FY 12-est	\$ 470,316,102	\$ 423,284,492	\$ 199,718,631	\$ 196,304,638			
39								
40	2. Less Avoidance (Florida residents and non-residents both can purchase and title plane out of state and bring it in within first 6 months and not be liable for use tax), loss of enforcement tools:							
41								
42	Matched FAA data to tail numbers in DOR aircraft discovery data, showed 87% of the managing members were in Florida.							
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60								
61								
62								
63								
64								
65	Loss of sales	50%	25%	13%	50%	25%	13%	
66	FY 08 -est	\$ 190,109,540	\$ 285,164,310	\$ 330,790,600	\$ 88,166,198	\$ 132,249,297	\$ 153,409,185	
67	FY 09-est	\$ 193,531,512	\$ 290,297,268	\$ 336,744,831	\$ 89,753,190	\$ 134,629,785	\$ 156,170,550	
68	FY 10-est	\$ 196,434,485	\$ 294,651,727	\$ 341,796,003	\$ 91,099,488	\$ 136,649,231	\$ 158,513,108	
69	FY 11-est	\$ 202,916,823	\$ 304,375,234	\$ 353,075,271	\$ 94,105,771	\$ 141,158,656	\$ 163,744,041	

	A	B	C	D	M	N	O
70	FY 12-est	\$ 211,642,246	\$ 317,463,369	\$ 368,257,508	\$ 98,152,319	\$ 147,228,478	\$ 170,785,035
71							
72	3. Total Taxable sales of Dealers and Discovery (less avoidance) at new 3% rate						
73							
74		Total Sales			3% tax rate (Estimated Collections under New Law)		
75	Less	50%	25%	13%	50%	25%	13%
76	FY 08 -est	\$ 278,275,738	\$ 417,413,607	\$ 484,199,785	\$ 8,348,272	\$ 12,522,408	\$ 14,525,994
77	FY 09-est	\$ 283,284,702	\$ 424,927,052	\$ 492,915,381	\$ 8,498,541	\$ 12,747,812	\$ 14,787,461
78	FY 10-est	\$ 287,533,972	\$ 431,300,958	\$ 500,309,111	\$ 8,626,019	\$ 12,939,029	\$ 15,009,273
79	FY 11-est	\$ 297,022,593	\$ 445,533,890	\$ 516,819,312	\$ 8,910,678	\$ 13,366,017	\$ 15,504,579
80	FY 12-est	\$ 309,794,565	\$ 464,691,847	\$ 539,042,543	\$ 9,293,837	\$ 13,940,755	\$ 16,171,276
81							
82		Estimated Collections under Current Law		Estimated Collections (combined) under New Law (less Estimated Collections under Current Law)			
83		Dealers + Discovery sales	6%	High	Middle	Low	
84	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ (25,044,816)	\$ (20,870,680)	\$ (18,867,095)	
85	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ (25,495,623)	\$ (21,246,353)	\$ (19,206,703)	
86	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ (25,878,057)	\$ (21,565,048)	\$ (19,494,803)	
87	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ (26,732,033)	\$ (22,276,694)	\$ (20,138,132)	
88	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ (27,881,511)	\$ (23,234,592)	\$ (21,004,071)	
89							
90							
91							
109	3 Percent Rate						
110		Estimated Taxable Sales Dealers + Discovery sales		6%	3%	Difference	cash
111	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ 16,696,544	\$ (16,696,544)		
112	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 16,997,082	\$ (16,997,082)		(15,580,658.59)
113	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 17,252,038	\$ (17,252,038)		
114	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 17,821,356	\$ (17,821,356)		
115	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 18,587,674	\$ (18,587,674)		
116							
117	4 Percent Rate						
118		Estimated Taxable Sales Dealers + Discovery sales		6%	4%	Difference	
119	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ 22,262,059	\$ (11,131,030)		
120	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 22,662,776	\$ (11,331,388)		(10,387,105.72)
121	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 23,002,718	\$ (11,501,359)		
122	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 23,761,807	\$ (11,880,904)		
123	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 24,783,565	\$ (12,391,783)		
124							
125	6 months provision						
126		Estimated Taxable Sales Dealers + Discovery sales		less 25% avoidance (adopted estimate)	Difference	6%	
127	FY 08 -est	\$ 556,551,477	\$ 417,413,607	\$ (139,137,869)	\$ (8,348,272)		
128	FY 09-est	\$ 566,569,403	\$ 424,927,052	\$ (141,642,351)	\$ (8,498,541)		(7,790,329.29)
129	FY 10-est	\$ 575,067,944	\$ 431,300,958	\$ (143,766,986)	\$ (8,626,019)		
130	FY 11-est	\$ 594,045,186	\$ 445,533,890	\$ (148,511,297)	\$ (8,910,678)		
131	FY 12-est	\$ 619,589,129	\$ 464,691,847	\$ (154,897,282)	\$ (9,293,837)		

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4%	(\$11.3m)	(\$10.4m)	(\$11.5m)
6 months	(\$8.5m)	(\$7.8m)	(\$8.6m)

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Revenue Sharing	(.5)	(.5)	(.5)
Local Gov't Half Cent	(1.4)	(1.3)	(1.5)
Local Option	(1.4)	(1.3)	(1.4)
Total Local Impact	(3.3)	(3.1)	(3.4)
Total Impact	(18.3)	(16.9)	(18.6)

3% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(15.7)	(16.4)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(15.7)	(16.4)
Revenue Sharing	(.5)	(.5)
Local Gov't Half Cent	(1.5)	(1.6)
Local Option	(1.5)	(1.6)
Total Local Impact	(3.5)	(3.7)
Total Impact	(19.2)	(20.1)

4% Tax rate	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(10.0)	(9.2)	(10.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(10.0)	(9.2)	(10.2)
Revenue Sharing	(.3)	(.3)	(.3)
Local Gov't Half Cent	(1.0)	(.9)	(1.0)
Local Option	(1.9)	(.9)	(1.0)
Total Local Impact	(2.2)	(2.1)	(2.3)
Total Impact	(12.2)	(11.3)	(12.5)

4% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(10.5)	(11.0)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(10.5)	(11.0)
Revenue Sharing	(.3)	(.4)
Local Gov't Half Cent	(1.0)	(1.1)
Local Option	(1.0)	(1.0)
Total Local Impact	(2.3)	(2.5)
Total Impact	(12.8)	(13.5)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

6 months	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(7.5)	(6.9)	(7.6)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(7.5)	(6.9)	(7.6)
Revenue Sharing	(.2)	(.2)	(.3)
Local Gov't Half Cent	(.7)	(.7)	(.7)
Local Option	(.7)	(.7)	(.7)
Total Local Impact	(1.6)	(1.6)	(1.7)
Total Impact	(9.1)	(8.5)	(9.3)

6 months	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(7.9)	(8.2)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(7.9)	(8.2)
Revenue Sharing	(.3)	(.3)
Local Gov't Half Cent	(.8)	(.8)
Local Option	(.7)	(.8)
Total Local Impact	(1.8)	(1.9)
Total Impact	(9.7)	(10.1)

	A	B	C	D	M	N	O
1							
2	KC - 27 (Dealers)	Gross Sales	Taxable Purchases	Sales and Use Collected 6%	Real Personal Income Growth		
3	FY 04	\$ 3,991,665,945	\$ 307,423,241	\$ 17,598,609			
4	FY 05	\$ 4,403,489,950	\$ 345,261,807	\$ 20,456,895			
5	FY 06	\$ 4,915,419,469	\$ 364,696,844	\$ 21,953,048			
6	FY 07	\$ 5,260,355,832	\$ 388,488,605	\$ 23,510,991			
7	FY 08 -est	\$ 5,720,424,202	\$ 422,465,645	\$ 25,567,252			
8	FY 09-est		\$ 430,070,026	\$ 26,027,462	1.8%	Actual Annual growth since FY 04 10%	
9	FY 10-est		\$ 436,521,077	\$ 26,417,874	1.5%		
10	FY 11-est		\$ 450,926,272	\$ 27,289,664	3.3%		
11	FY 12-est		\$ 470,316,102	\$ 28,463,120	4.3%		
12							
13	Aircraft Discovery - based on physically being in Florida, owner is a resident of FL, or was brought in the first 6 months (at least one night)						
14							
15	Discovery	6%	Taxable Purchases	Real Personal Income Growth			
16	FY 06	\$ 6,604,527	\$ 110,075,450				
17	FY 07	\$ 10,349,945	\$ 172,499,083				
18	FY 08 -est	\$ 10,763,943	\$ 179,399,047	4.0%			
19	FY 09-est	\$ 10,957,694	\$ 182,628,230	1.8%			
20	FY 10-est	\$ 11,122,059	\$ 185,367,653	1.5%			
21	FY 11-est	\$ 11,489,087	\$ 191,484,785	3.3%			
22	FY 12-est	\$ 11,983,118	\$ 199,718,631	4.3%			
23							
24	1. Leases are still taxable at 6%. Discovery data showed the following instances of leases:						
25	Leases	38					
26	Total	2223					
27	% Leases	1.7%					
28							
29	Assume registered dealers are more likely to facilitate leases so assume less 10% leases for dealers and less 1.7% for discovery collections.						
30							
31	Total Taxable Purchases through registered dealers and discovery, less leases (sales).						
32							
33		Dealers	10%	Discovery	1.7%		
34	FY 08 -est	\$ 422,465,645	\$ 380,219,080	\$ 179,399,047	\$ 176,332,396		
35	FY 09-est	\$ 430,070,026	\$ 387,063,024	\$ 182,628,230	\$ 179,506,379		
36	FY 10-est	\$ 436,521,077	\$ 392,868,969	\$ 185,367,653	\$ 182,198,975		
37	FY 11-est	\$ 450,926,272	\$ 405,833,645	\$ 191,484,785	\$ 188,211,541		
38	FY 12-est	\$ 470,316,102	\$ 423,284,492	\$ 199,718,631	\$ 196,304,638		
39							
40	2. Less Avoidance (Florida residents and non-residents both can purchase and title plane out of state and bring it in within first 6 months and not be liable for use tax), loss of enforcement tools:						
41							
42	Matched FAA data to tail numbers in DOR aircraft discovery data, showed 87% of the managing members were in Florida.						
43							
44		Dealers			Discovery		
45	Loss of sales	50%	25%	13%	50%	25%	13%
46	FY 08 -est	\$ 190,109,540	\$ 285,164,310	\$ 330,790,600	\$ 88,166,198	\$ 132,249,297	\$ 153,409,185
47	FY 09-est	\$ 193,531,512	\$ 290,297,268	\$ 336,744,831	\$ 89,753,190	\$ 134,629,785	\$ 156,170,550
48	FY 10-est	\$ 196,434,485	\$ 294,651,727	\$ 341,796,003	\$ 91,099,488	\$ 136,649,231	\$ 158,513,108
49	FY 11-est	\$ 202,916,823	\$ 304,375,234	\$ 353,075,271	\$ 94,105,771	\$ 141,158,656	\$ 163,744,041

	A	B	C	D	M	N	O
70	FY 12-est	\$ 211,642,246	\$ 317,463,369	\$ 368,257,508	\$ 98,152,319	\$ 147,228,478	\$ 170,785,035
71							
72	3. Total Taxable sales of Dealers and Discovery (less avoidance) at new 3% rate						
73							
74		Total Sales			3% tax rate (Estimated Collections under New Law)		
75	Less	50%	25%	13%	50%	25%	13%
76	FY 08 -est	\$ 278,275,738	\$ 417,413,607	\$ 484,199,785	\$ 8,348,272	\$ 12,522,408	\$ 14,525,994
77	FY 09-est	\$ 283,284,702	\$ 424,927,052	\$ 492,915,381	\$ 8,498,541	\$ 12,747,812	\$ 14,787,461
78	FY 10-est	\$ 287,533,972	\$ 431,300,958	\$ 500,309,111	\$ 8,626,019	\$ 12,939,029	\$ 15,009,273
79	FY 11-est	\$ 297,022,593	\$ 445,533,890	\$ 516,819,312	\$ 8,910,678	\$ 13,366,017	\$ 15,504,579
80	FY 12-est	\$ 309,794,565	\$ 464,691,847	\$ 539,042,543	\$ 9,293,837	\$ 13,940,755	\$ 16,171,276
81							
82		Estimated Collections under Current Law		Estimated Collections (combined) under New Law (less Estimated Collections under Current Law)			
83		Dealers + Discovery sales	6%	High	Middle	Low	
84	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ (25,044,816)	\$ (20,870,680)	\$ (18,867,095)	
85	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ (25,495,623)	\$ (21,246,353)	\$ (19,206,703)	
86	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ (25,878,057)	\$ (21,565,048)	\$ (19,494,803)	
87	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ (26,732,033)	\$ (22,276,694)	\$ (20,138,132)	
88	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ (27,881,511)	\$ (23,234,592)	\$ (21,004,071)	
89							
90							
91							
109	3 Percent Rate						
110		Estimated Taxable Sales Dealers + Discovery sales		6%	3%	Difference	cash
111	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ 16,696,544	\$ (16,696,544)		
112	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 16,997,082	\$ (16,997,082)		(15,580,658.59)
113	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 17,252,038	\$ (17,252,038)		
114	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 17,821,356	\$ (17,821,356)		
115	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 18,587,674	\$ (18,587,674)		
116							
117	4 Percent Rate						
118		Estimated Taxable Sales Dealers + Discovery sales		6%	4%	Difference	
119	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ 22,262,059	\$ (11,131,030)		
120	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 22,662,776	\$ (11,331,388)		(10,387,105.72)
121	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 23,002,718	\$ (11,501,359)		
122	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 23,761,807	\$ (11,880,904)		
123	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 24,783,565	\$ (12,391,783)		
124							
125	6 months provision						
126		Estimated Taxable Sales Dealers + Discovery sales		less 25% avoidance (adopted estimate)	Difference	6%	
127	FY 08 -est	\$ 556,551,477	\$ 417,413,607	\$ (139,137,869)	\$ (8,348,272)		
128	FY 09-est	\$ 566,569,403	\$ 424,927,052	\$ (141,642,351)	\$ (8,498,541)		(7,790,329.29)
129	FY 10-est	\$ 575,067,944	\$ 431,300,958	\$ (143,766,986)	\$ (8,626,019)		
130	FY 11-est	\$ 594,045,186	\$ 445,533,890	\$ (148,511,297)	\$ (8,910,678)		
131	FY 12-est	\$ 619,589,129	\$ 464,691,847	\$ (154,897,282)	\$ (9,293,837)		

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: AIRCRAFT TEMPORARILY IN STATE FOR TRAINING

BILL NUMBER(S): AMENDMENT

SPONSOR(S):

MONTH/YEAR COLLECTION IMPACT BEGINS: 07/01/2008

DATE OF ANALYSIS: 04/17/2008

SECTION 1: NARRATIVE

a. Current Law: A resident of another state who purchases an aircraft in another state without paying tax, brings the aircraft into Florida within the first 6 months of purchase for use related to training is taxable.

b. Proposed Change: Allow an exemption for an aircraft that is temporarily brought into Florida by a non-resident due to training purposes.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

2007 DOR tax data

FAA data

Newpiper.com

Landings.com

Various flight training school sites

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

See Attached

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
High	(\$.38m)	(\$.38m)	(\$.39m)
Middle	(\$.19m)	(\$.19m)	(\$.19m)
Low	(\$.09m)	(\$.09m)	(\$.1m)

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
High	(\$.40m)	(\$.41m)
Middle	(\$.20m)	(\$.20m)
Low	(\$.1m)	(\$.10m)

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: AIRCRAFT TEMPORARILY IN STATE FOR TRAINING

BILL NUMBER(S): AMENDMENT

SPONSOR(S):

MONTH/YEAR COLLECTION IMPACT BEGINS: 07/01/2008

DATE OF ANALYSIS: 04/17/2008

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4 / 17 / 08) The conference adopted the middle estimate.

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(.2)	(.2)	(.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(.2)	(.2)	(.2)
Revenue Sharing	(Insignificant)	(Insignificant)	(Insignificant)
Local Gov't Half Cent	(Insignificant)	(Insignificant)	(Insignificant)
Local Option	(Insignificant)	(Insignificant)	(Insignificant)
Total Local Impact	(Insignificant)	(Insignificant)	(Insignificant)
Total Impact	(Insignificant)	(Insignificant)	(Insignificant)

	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(.2)	(.2)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(.2)	(.2)
Revenue Sharing	(Insignificant)	(Insignificant)
Local Gov't Half Cent	(Insignificant)	(Insignificant)
Local Option	(Insignificant)	(Insignificant)
Total Local Impact	(Insignificant)	(Insignificant)
Total Impact	(Insignificant)	(Insignificant)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

SECTION 1: NARRATIVE

a. Current Law:

- The retail sale of an aircraft is taxed at 6%.
- A registered dealer may sell an aircraft exempt to a non-resident purchaser when the purchaser removes the aircraft from Florida within 10 days of purchase (20 if being repaired or altered). Purchaser must provide proof of removal of aircraft.
- Aircraft brought imported into this state within the first 6 months of purchase is liable for use tax.

b. Proposed Change:

- The retail sale of an aircraft will be taxed at 3% or 4%.
- Exemption to a non-resident is allowed even if the purchaser doesn't remove the aircraft within 10 days and/or doesn't provide proof of removal of aircraft.
- Aircraft imported into the state within first six months if purchase is not liable for use tax if the plane is registered, titled, licensed or documented outside of the state.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

DOR return and enforcement data

FAA February 2008 registration data

REC Florida Economic Conference 02/2008 Real Personal Income Growth

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

ASSUME KIND CODE 27 PURCHASES WILL BE TAXED AT 3%

ASSUME THAT ENFORCEMENT WILL BE REDUCED TO OCCASSIONAL SALES TO FLORIDA RESIDENTS

ASSUME ENFORCEMENT WILL BE REDUCED TO 3% RATE

ASSUME UNITARY INCOME ELASTICITY OF DEMAND AND CONSERVATIVE GROWTH

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
3%	(\$17.0m)	(\$15.6m)	(\$17.2m)
4%	(\$11.3m)	(\$10.4m)	(\$11.5m)
6 months	(\$8.5m)	(\$7.8m)	(\$8.6m)

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
3%	(\$17.8m)	(\$18.6m)
4%	(\$11.9m)	(\$12.4m)
6 months	(\$8.9m)	(\$9.3m)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 28 / 08) The conference adopted the proposed estimates.

3% Tax rate	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(15.0)	(13.8)	(15.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(15.0)	(13.8)	(15.2)
Revenue Sharing	(.5)	(.5)	(.5)
Local Gov't Half Cent	(1.4)	(1.3)	(1.5)
Local Option	(1.4)	(1.3)	(1.4)
Total Local Impact	(3.3)	(3.1)	(3.4)
Total Impact	(18.3)	(16.9)	(18.6)

3% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(15.7)	(16.4)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(15.7)	(16.4)
Revenue Sharing	(.5)	(.5)
Local Gov't Half Cent	(1.5)	(1.6)
Local Option	(1.5)	(1.6)
Total Local Impact	(3.5)	(3.7)
Total Impact	(19.2)	(20.1)

4% Tax rate	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(10.0)	(9.2)	(10.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(10.0)	(9.2)	(10.2)
Revenue Sharing	(.3)	(.3)	(.3)
Local Gov't Half Cent	(1.0)	(.9)	(1.0)
Local Option	(1.9)	(.9)	(1.0)
Total Local Impact	(2.2)	(2.1)	(2.3)
Total Impact	(12.2)	(11.3)	(12.5)

4% Tax rate	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(10.5)	(11.0)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(10.5)	(11.0)
Revenue Sharing	(.3)	(.4)
Local Gov't Half Cent	(1.0)	(1.1)
Local Option	(1.0)	(1.0)
Total Local Impact	(2.3)	(2.5)
Total Impact	(12.8)	(13.5)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3%, taxed at 4%, removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 3/28/08

6 months	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(7.5)	(6.9)	(7.6)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(7.5)	(6.9)	(7.6)
Revenue Sharing	(.2)	(.2)	(.3)
Local Gov't Half Cent	(.7)	(.7)	(.7)
Local Option	(.7)	(.7)	(.7)
Total Local Impact	(1.6)	(1.6)	(1.7)
Total Impact	(9.1)	(8.5)	(9.3)

6 months	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(7.9)	(8.2)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(7.9)	(8.2)
Revenue Sharing	(.3)	(.3)
Local Gov't Half Cent	(.8)	(.8)
Local Option	(.7)	(.8)
Total Local Impact	(1.8)	(1.9)
Total Impact	(9.7)	(10.1)

	A	B	C	D	M	N	O
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39							
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41							
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43							
44							
45							
46							
47							
48							
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71							
72	3. Total Taxable sales of Dealers and Discovery (less avoidance) at new 3% rate						
73							
74		Total Sales			3% tax rate (Estimated Collections under New Law)		
75	Less	50%	25%	13%	50%	25%	13%
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	Estimated Taxable Sales Dealers + Discovery sales						
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112	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 16,997,082	\$ (16,997,082)	(15,580,658.59)	
113	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 17,252,038	\$ (17,252,038)		
114	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 17,821,356	\$ (17,821,356)		
115	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 18,587,674	\$ (18,587,674)		
116							
117	4 Percent Rate						
	Estimated Taxable Sales Dealers + Discovery sales						
118		6%	4%	Difference			
119	FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ 22,262,059	\$ (11,131,030)		
120	FY 09-est	\$ 566,569,403	\$ 33,994,164	\$ 22,662,776	\$ (11,331,388)	(10,387,105.72)	
121	FY 10-est	\$ 575,067,944	\$ 34,504,077	\$ 23,002,718	\$ (11,501,359)		
122	FY 11-est	\$ 594,045,186	\$ 35,642,711	\$ 23,761,807	\$ (11,880,904)		
123	FY 12-est	\$ 619,589,129	\$ 37,175,348	\$ 24,783,565	\$ (12,391,783)		
124							
125	6 months provision						
	Estimated Taxable less 25% Sales Dealers + avoidance						
126		Discovery sales	(adopted estimate)	Difference	6%		
127	FY 08 -est	\$ 556,551,477	\$ 417,413,607	\$ (139,137,869)	\$ (8,348,272)		
128	FY 09-est	\$ 566,569,403	\$ 424,927,052	\$ (141,642,351)	\$ (8,498,541)	(7,790,329.29)	
129	FY 10-est	\$ 575,067,944	\$ 431,300,958	\$ (143,766,986)	\$ (8,626,019)		
130	FY 11-est	\$ 594,045,186	\$ 445,533,890	\$ (148,511,297)	\$ (8,910,678)		
131	FY 12-est	\$ 619,589,129	\$ 464,691,847	\$ (154,897,282)	\$ (9,293,837)		

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: AIRCRAFT TEMPORARILY IN THE STATE

BILL NUMBER(S): AMENDMENT

SPONSOR(S): Senator Wise

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 03/28/2008

SECTION 1: NARRATIVE

a. Current Law: No sales or use tax is imposed on the sale of an airplane through a registered dealer to a nonresident purchaser who removes the boat or airplane from the state within ten days after the purchase. Any aircraft that is purchased in another state but titled, registered, or licensed in this state is taxable. See matrix.

b. Proposed Change: Allows a exemption from use tax if the aircraft that is brought into Florida within the first six months of purchase is in Florida for less than 21 days.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

Conversations with Enforcement Operations for aircraft.

REC Florida Economic Conference (03/2008)

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

There are 3 current cases where the purchaser was a non-resident and the plane was in Florida for less than 21days. (Middle estimate assumes that these 3 current cases will be the only types of circumstances affected by language that is probably broader than these three cases.)

No mention in language that the purchaser had to be a non-resident and the plane titled, registered, or documented outside of the state. (Due to lack of specificity towards non-residents, assume 25% avoidance of discovery aircraft payments for high.)

Grow by Real personal income.

Doesn't mention if it is 21 days in succession or 21 days total within the first six months after purchase.

Discovery from HB 1379	Taxable Purchases	6%	25%
FY 08 -est	\$ 179,399,047	\$ 10,763,943	\$ 2,690,986
FY 09-est	\$ 182,628,230	\$ 10,957,694	\$ 2,739,423
FY 10-est	\$ 185,367,653	\$ 11,122,059	\$ 2,780,515
FY 11-est	\$ 191,484,785	\$ 11,489,087	\$ 2,872,272

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
High	(\$2.7m)	(\$2.5m)	(\$2.7m)
Middle	(\$.9m)	(\$.9m)	(\$.9m)
Low			

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
High	(\$2.8m)	(\$2.9m)
Middle	(\$.9m)	(\$.9m)
Low		

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: AIRCRAFT TEMPORARILY IN THE STATE

BILL NUMBER(S): AMENDMENT

SPONSOR(S): Senator Wise

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 03/28/2008

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 28 / 08) The conference adopted the high estimate for the bill as written. With clarifying language to specify that the bill applies to non-residents only and 21 total days the middle estimate would apply.

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(2.4)	(2.2)	(2.4)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(2.4)	(2.2)	(2.4)
Revenue Sharing	(.1)	(.1)	(.1)
Local Gov't Half Cent	(.2)	(.2)	(.2)
Local Option	(.2)	(.2)	(.2)
Total Local Impact	(.5)	(.5)	(.5)
Total Impact	(2.9)	(2.7)	(2.9)

	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(2.5)	(2.6)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(2.5)	(2.6)
Revenue Sharing	(.1)	(.1)
Local Gov't Half Cent	(.2)	(.2)
Local Option	(.2)	(.2)
Total Local Impact	(.5)	(.5)
Total Impact	(3.0)	(3.1)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3% and removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 03/14/2008

SECTION 1: NARRATIVE

a. Current Law:

- The retail sale of an aircraft is taxed at 6%.
- A registered dealer may sell an aircraft exempt to a non-resident purchaser when the purchaser removes the aircraft from Florida within 10 days of purchase (20 if being repaired or altered). Purchaser must provide proof of removal of aircraft.
- Aircraft brought imported into this state within the first 6 months of purchase is liable for use tax.

b. Proposed Change:

- The retail sale of an aircraft will be taxed at 3%.
- Exemption to a non-resident is allowed even if the purchaser doesn't remove the aircraft within 10 days and/or doesn't provide proof of removal of aircraft.
- Aircraft imported into the state within first six months if purchase is not liable for use tax if the plane is registered, titled, licensed or documented outside of the state.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

DOR return and enforcement data

FAA February 2008 registration data

REC Florida Economic Conference 02/2008 Real Personal Income Growth

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

ASSUME KIND CODE 27 PURCHASES WILL BE TAXED AT 3%

ASSUME THAT ENFORCEMENT WILL BE REDUCED TO OCCASSIONAL SALES TO FLORIDA RESIDENTS

ASSUME ENFORCEMENT WILL BE REDUCED TO 3% RATE

ASSUME UNITARY INCOME ELASTICITY OF DEMAND AND CONSERVATIVE GROWTH

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
High	(\$25.5m)	(\$23.4m)	(\$25.9m)
Middle	(\$21.2m)	(\$19.5m)	(\$21.6m)
Low	(\$19.2m)	(\$17.6m)	(\$19.5m)

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
High	(\$26.7m)	(\$27.9m)
Middle	(\$22.3m)	(\$23.2m)
Low	(\$20.1m)	(\$21m)

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Aircraft taxed at 3% and removal from state

BILL NUMBER(S): HB 1379

SPONSOR(S): Representative Poppell

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2008

DATE OF ANALYSIS: 03/14/2008

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 14 / 08) The conference adopted the middle estimate.

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	(18.7)	(17.2)	(19.1)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(18.7)	(17.2)	(19.1)
Revenue Sharing	(.6)	(.6)	(.6)
Local Gov't Half Cent	(1.8)	(1.7)	(1.8)
Local Option	(1.8)	(1.7)	(1.8)
Total Local Impact	(4.2)	(4.0)	(4.2)
Total Impact	(22.9)	(21.2)	(23.3)

	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	(19.7)	(20.5)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(19.7)	(20.5)
Revenue Sharing	(.7)	(.7)
Local Gov't Half Cent	(1.9)	(2.0)
Local Option	(1.9)	(1.9)
Total Local Impact	(4.5)	(4.6)
Total Impact	(24.2)	(25.1)

KC - 27 (Dealers)	Gross Sales	Taxable Purchases	Sales and Use Collected 6%	Real Personal Income Growth	
FY 04	\$ 3,991,665,945	\$ 307,423,241	\$ 17,598,609		
FY 05	\$ 4,403,489,950	\$ 345,261,807	\$ 20,456,895		
FY 06	\$ 4,915,419,469	\$ 364,696,844	\$ 21,953,048		
FY 07	\$ 5,260,355,832	\$ 388,488,605	\$ 23,510,991		
FY 08 -est	\$ 5,720,424,202	\$ 422,465,645	\$ 25,567,252		
FY 09-est		\$ 430,070,026	\$ 26,027,462	1.8%	Actual Annual growth since FY 04 10%
FY 10-est		\$ 436,521,077	\$ 26,417,874	1.5%	
FY 11-est		\$ 450,926,272	\$ 27,289,664	3.3%	
FY 12-est		\$ 470,316,102	\$ 28,463,120	4.3%	

Aircraft Discovery - based on physically being in Florida, owner is a resident of FL, or was brought in the first 6 months (at least one night)

Discovery	6%	Taxable Purchases	Real Personal Income Growth
FY 06	\$ 6,604,527	\$ 110,075,450	
FY 07	\$ 10,349,945	\$ 172,499,083	
FY 08 -est	\$ 10,763,943	\$ 179,399,047	4.0%
FY 09-est	\$ 10,957,694	\$ 182,628,230	1.8%
FY 10-est	\$ 11,122,059	\$ 185,367,653	1.5%
FY 11-est	\$ 11,489,087	\$ 191,484,785	3.3%
FY 12-est	\$ 11,983,118	\$ 199,718,631	4.3%

1. Leases are still taxable at 6%. Discovery data showed the following instances of leases:

Leases	38
Total	2223
% Leases	1.7%

Assume registered dealers are more likely to facilitate leases so assume less 10% leases for dealers and less 1.7% for discovery collections.

Total Taxable Purchases through registered dealers and discovery, less leases (sales).

	Dealers	10%	Discovery	1.7%
FY 08 -est	\$ 422,465,645	\$ 380,219,080	\$ 179,399,047	\$ 176,332,396
FY 09-est	\$ 430,070,026	\$ 387,063,024	\$ 182,628,230	\$ 179,506,379
FY 10-est	\$ 436,521,077	\$ 392,868,969	\$ 185,367,653	\$ 182,198,975
FY 11-est	\$ 450,926,272	\$ 405,833,645	\$ 191,484,785	\$ 188,211,541
FY 12-est	\$ 470,316,102	\$ 423,284,492	\$ 199,718,631	\$ 196,304,638

2. Less Avoidance (Florida residents and non-residents both can purchase and title plane out of state and bring it in within first 6 months and not be liable for use tax), loss of enforcement tools:

Matched FAA data to tail numbers in DOR aircraft discovery data, showed 87% of the managing members were in Florida.

Lose of sales	Dealers			Discovery		
	50%	25%	13%	50%	25%	13%
FY 08 -est	\$ 190,109,540	\$ 285,164,310	\$ 330,790,600	\$ 88,166,198	\$ 132,249,297	\$ 153,409,185
FY 09-est	\$ 193,531,512	\$ 290,297,268	\$ 336,744,831	\$ 89,753,190	\$ 134,629,785	\$ 156,170,550
FY 10-est	\$ 196,434,485	\$ 294,651,727	\$ 341,796,003	\$ 91,099,488	\$ 136,649,231	\$ 158,513,108
FY 11-est	\$ 202,916,823	\$ 304,375,234	\$ 353,075,271	\$ 94,105,771	\$ 141,158,656	\$ 163,744,041
FY 12-est	\$ 211,642,246	\$ 317,463,369	\$ 368,257,508	\$ 98,152,319	\$ 147,228,478	\$ 170,785,035

3. Total Taxable sales of Dealers and Discovery (less avoidance) at new 3% rate

Less	Total Sales			3% tax rate (Estimated Collections under New Law)		
	50%	25%	13%	50%	25%	13%
FY 08 -est	\$ 278,275,738	\$ 417,413,607	\$ 484,199,785	\$ 8,348,272	\$ 12,522,408	\$ 14,525,994
FY 09-est	\$ 283,284,702	\$ 424,927,052	\$ 492,915,381	\$ 8,498,541	\$ 12,747,812	\$ 14,787,461
FY 10-est	\$ 287,533,972	\$ 431,300,958	\$ 500,309,111	\$ 8,626,019	\$ 12,939,029	\$ 15,009,273
FY 11-est	\$ 297,022,593	\$ 445,533,890	\$ 516,819,312	\$ 8,910,678	\$ 13,366,017	\$ 15,504,579
FY 12-est	\$ 309,794,565	\$ 464,691,847	\$ 539,042,543	\$ 9,293,837	\$ 13,940,755	\$ 16,171,276

	Estimated Collections under Current Law		Estimated Collections under New Law - Estimated Collections under Current Law					
	Dealers + Discovery sales	6%	High	Middle	Low	08/09 cash	7/1/2008	
						High	Middle	Low
FY 08 -est	\$ 556,551,477	\$ 33,393,089	\$ (25,044,816)	\$ (20,870,680)	\$ (18,867,095)			
FY 09 -est	\$ 566,569,403	\$ 33,994,164	\$ (25,495,623)	\$ (21,246,353)	\$ (19,206,703)	\$ (23,370,988)	\$ (19,475,823)	\$ (17,606,144)
FY 10 -est	\$ 575,067,944	\$ 34,504,077	\$ (25,878,057)	\$ (21,565,048)	\$ (19,494,803)			
FY 11 -est	\$ 594,045,186	\$ 35,642,711	\$ (26,732,033)	\$ (22,276,694)	\$ (20,138,132)			
FY 12 -est	\$ 619,589,129	\$ 37,175,348	\$ (27,881,511)	\$ (23,234,592)	\$ (21,004,071)			

**C. Technical Summary For the Florida Airports Economic Impact Study, FASP 2000,
Wilbur Smith Associates, Inc., August 2000**

TECHNICAL SUMMARY

FOR THE

FLORIDA AIRPORTS
ECONOMIC IMPACT STUDY

FASP 2000

Prepared by:

Wilbur Smith Associates, Inc.



August 2000

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CHAPTER 1 ECONOMIC IMPACT METHODOLOGY

I. OVERVIEW

A major task in the FASP 2000 is to assess the annual economic value of Florida's aviation system. This report discusses the economic impact estimates of the State's commercial airports, public-use general aviation airports, and military aviation facilities. Airports that reported no activity were not included in this particular FASP analysis.

Economic benefits or impacts in this study are expressed as “direct”, “indirect”, or “multiplier.” As will be discussed in subsequent chapters of this report, a variety of approaches were used to estimate economic impacts for Florida's airports. For some airports, previous economic impact studies were used. In other instances, airport specific surveys were undertaken. For the remaining system airports, impacts were extrapolated based on benefits calculated in this analysis for other similar airports in the Florida system.

For all three impact measures, economic benefits are expressed in this report in terms total annual economic activity (output), jobs, and payroll (earnings).

II. APPROACH

The economic impacts of Florida's public-use airports are calculated based on a methodology that evolved over the past decade and is nationally recognized as the standard for conducting economic impact studies of airports. The methodology is consistent with that advocated by the Federal Aviation Administration (FAA) and explicitly follows FAA-suggested procedures. The study also uses the official input/output model of the United States Government, as developed by the U.S. Department of Commerce, with multipliers that are specific to the State of Florida.

All impacts are expressed in annual terms with all impact calculations based on the latest year for which data are available. All economic impacts are expressed in terms of jobs or dollars payroll and annual economic activity.

III. METHODOLOGY

The process used to estimate economic impacts varied. Nonetheless, the underlying approach used to estimate all economic impacts for Florida's airport system was the same. Study methodologies are summarized below:

- **Surveyed Airports** – On-site surveys were conducted at 36 system airports (13 commercial airports, 23 general aviation airports) to gather data for the economic impact analysis.

- Extrapolated Airports – Based on actual survey findings for the 23 general aviation airports in the system that were surveyed, economic impacts for the remaining 86 general aviation airports were estimated based on extrapolations.
- Use of Existing Studies – For the seven largest commercial service airports, economic impacts were identified using information contained in prior economic impact studies conducted at these airports.

IV. IMPACT TYPES

Economic impacts are measured in three ways: 1) direct, 2) indirect, and 3) multiplier impacts. Combined, the three impact types yield the total economic impacts of an airport. Combined “direct” and “indirect” impacts are referred to in this report as “final demand” impacts. Total demand impacts are entered into the RIMS-II model to derive the multiplier impacts. Final demand and multiplier impacts equate to each airport’s total economic impact or benefit. Impact categories are discussed in the following sections.

Direct Impacts - The "direct" impacts include local expenditures at or near an airport by firms involved in the provision of aviation services. Firms that provide aviation services include the airlines, fixed-base operators, aviation component manufacturing firms, flight and ground schools, air traffic control towers, and others. The direct economic impacts are typically derived from three sources:

- *Payroll*
- *Capital Expenses*
- *Operating Expenses*

For those airports in the Florida system that were surveyed, "direct" impacts were collected and identified through a process that included:

- *Airport Operator Surveys*
- *Tenant Surveys*
- *Airport Visits*

Indirect Impacts – The "indirect" impacts include expenditures by airport users that are made in Florida. Indirect impacts consist of expenditures by visitors (at hotels, restaurants, etc.) who arrive in Florida via the public-use airports and by travel agents located in Florida. Indirect economic impacts can be divided into three categories:

- *Air Carrier Visitor Expenditures*
- *General Aviation Visitor Expenditures*
- *Travel Agency Expenditures*

Air Carrier Visitor Expenditures – To estimate air carrier visitor impacts departing passenger surveys were conducted at some of the commercial airports. These surveys were conducted between November 1999 and January 2000. Passenger surveys were conducted at the following airports:

- Daytona Beach International
- Key West International
- Okaloosa Regional
- Orlando Sanford
- St. Petersburg/Clearwater Int'l
- Gainesville Regional
- Naples Municipal
- Panama City-Bay County Int'l
- Pensacola Regional
- Tallahassee Regional

General Aviation Visitor Expenditures– The number of visitors attributable to general aviation air travel is based on estimated itinerant general aviation flights. It is important to note that all system airports, even the commercial service airports, have visitors who arrive via general aviation aircraft. Itinerant traffic is further broken out into true transient flights. True transient operations are business or pleasure flights conducted by aircraft not based locally and are equated with that portion of each airport's general aviation activity that brings in visitors.

To estimate dollar expenditures associated with general aviation visitors, transient pilot surveys were conducted. FBO's at approximately 30 airports (both commercial and GA) were asked to distribute surveys for one month to pilots and passengers arriving via transient general aviation flights.

Travel Agency Expenditures – Travel agents also depend, in part, on airports for their livelihood. To estimate the magnitude of this impact, information on gross airline ticket sales in Florida was obtained from the U.S. Department of Transportation ODIA (origin-destination) database.

Multiplier Impacts – The “direct” and the “indirect” economic impacts attributable to Florida airports in this study represent final demand impacts. Final demand impacts do not, however, represent the total economic impact of the airports. There is also a “multiplier effect” which is added to the final demand impact to attain total economic impact. This multiplier effect was estimated utilizing the Regional Input/Output Model (RIMS-II) multipliers as developed by the U.S. Department of Commerce.

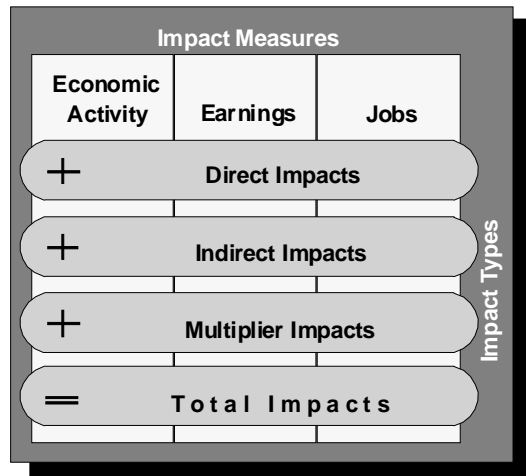
V. IMPACT MEASURES

The RIMS-II model output provides three measures of the total economic impact attributable to the airports: economic activity (output), earnings (payroll), and jobs. The total impacts include the "direct and indirect impacts", as well as the "multiplier effect". All three indicators of economic impact are useful; however, the monetary measures (output and payroll) should not be added together. The three impact measurements are listed below:

- *Economic Activity (Output)*
- *Earnings (Payroll)*
- *Jobs (Employment)*
-

The three impact "measures" (direct, indirect, and multiplier) and the three impact "types" (economic activity, jobs, and payroll) are inter-related. The interaction of the three impact measures and their three impact types are presented below in **Exhibit 1-1**.

Exhibit 1-1
Economic Impact Types and Measures
Florida Airports Economic Impact Study



CHAPTER 2 LARGE COMMERCIAL SERVICE AIRPORTS

I. APPROACH

This chapter summarizes economic impact estimates for Florida's seven largest commercial service airports. Annual enplanements at these seven airports total over 50 million annually. The seven large air carrier airports analyzed in this portion of the FASP 2000 Economic Impact Study are as follows:

- Fort Lauderdale-Hollywood International Airport
- Jacksonville International Airport
- Miami International Airport
- Orlando International Airport
- Palm Beach International Airport
- Southwest Florida International Airport
- Tampa International Airport

Since most of these airports have had their own economic impact studies prepared, the approach adopted for this portion of the FASP focused on maximizing the use of this existing airport-specific analysis.

II. PRIOR STUDIES

Comparison of Methodologies - Prior study methodologies, for the most part, used a standard economic impact modeling approach. While some of the prior studies looked at impacts that are associated with visitors, the methods of measuring the economic impacts related to visitors in those studies were inconsistent. Impacts related to construction projects were also measured and expressed differently in each of the prior studies. The multipliers used to measure the economic impact of the airports also varied, as did the method in which the multipliers were applied. Base year data upon which each of the prior studies was based also varies.

Previous Study Conclusions - Since different impact methodologies were used and the studies were conducted in different years, it would be mathematically *incorrect* to simply sum the impact totals from previous studies to provide an estimate of total economic impact associated with these seven airports.

To develop an estimate of the total annual economic benefits associated with these seven airports, the total benefits of all the airports were considered. According to the prior studies, these airports generated an estimated \$32.3 billion in total annual economic activity, of which \$7.5 billion was paid in earnings to approximately 329,951 jobs.

The cumulative results of the prior studies show that the total annual economic benefit of each enplaned passenger at Florida's seven largest commercial service airports is estimated at \$739. Of this total annual benefit per enplanement, \$171 is paid in earnings

to 0.075 jobs (or 7.5 jobs per 1,000 enplanements). The average annual earnings per job was estimated at approximately \$22,700.

III UPDATED IMPACT STUDIES

Based on the analysis of prior study impacts and ratios of total economic impacts, payroll, and employment to total annual enplanements for all of the larger airports, two important conclusions can be drawn. First, individual Florida airport impact results are not directly comparative because of different methodologies and levels of report detail. Second, the combined impact totals and impact ratios do reflect “reasonable” estimates of total airport related economic impacts for Florida’s seven largest commercial service airports.

Based on these two conclusions it was determined that aggregate impact results for the seven largest airports should be adjusted to reflect impacts for the current time frame. To estimate how combined economic impacts associated with Florida’s largest commercial service airports have grown, two factors were considered. These factors are the Consumer Price Index (CPI) and current enplanement levels for the seven airports. The CPI measures the rate of inflation between the completion of each airport’s prior study and the impact study year. Similarly, changes in passenger enplanements between each of the prior studies and current levels are used to develop estimates of the current annual economic benefits associated with these airports.

Based on these inflationary and enplanement volume adjustments, the average impact per enplanement at the seven largest commercial service airports is estimated at \$813 for economic activity, \$197 for earnings, and 8.7 for jobs (per thousand enplanements).¹

Current enplaned passenger data for each of the seven commercial airports addressed in this portion of the analysis were applied to the ratios noted above. Application of the noted impact ratios indicates **the impacts for the seven largest airports approximates \$40.6 billion in economic activity, of which \$9.8 billion is paid in earnings to 434,000 employees.**

¹ Note that non-passenger related impacts, such as air cargo activity, are included in these ratios. In addition, these impact ratios include the impact of businesses at the airport, visitor expenditures off-airport, and other multiplier impacts.

CHAPTER 3
OTHER COMMERCIAL SERVICE AIRPORTS

I. APPROACH

This chapter summarizes the economic impact estimates of the commercial service airports in the Florida system that were not addressed in the previous chapter. Annual enplanements at these 13 additional commercial service airports total over 4.5 million. Impacts presented in this section are based on findings derived from airport managers, tenant and visitor surveys, and use of the Regional Input/Output Model (RIMS-II). Surveys, airport visits, and interviews were conducted at 11 of the 13 commercial service airports. Sarasota-Bradenton and Melbourne both have had their own, recent economic impact studies; to maximize the use of existing economic data, the results from these two airport specific studies were adopted for use in the FASP 2000 Economic Impact Study. Airports included in this portion of the analysis are listed below in **Exhibit 3-1**:

Exhibit 3-1
Other Commercial Service Airports
Florida Airports Economic Impact Study

<u>Airport</u>	<u>Surveyed/ Visited</u>
Daytona Beach	Yes
Gainesville	Yes
Key West	Yes
Marathon	Yes
Melbourne	No
Naples	Yes
Okaloosa	Yes
Orlando Sanford	Yes
Panama City-Bay County	Yes
Pensacola	Yes
St. Petersburg/Clearwater	Yes
Sarasota Bradenton	No
Tallahassee	Yes

IV SURVEY RESULTS

As outlined in Chapter 1, a series of surveys were administered to airport managers, tenants, transient pilots/passengers, and commercial airline passengers. These surveys provided a framework to collect and analyze each airport’s economic impact. A summary of survey responses and findings follows.

Tenant Surveys - A very good survey response rate (76 percent) from the tenants was obtained. For those tenants that did not respond, discussions with airport managers and other tenants were used to generate employment estimates. Expenditure per job ratios from the responding tenants were then used to estimate impacts for total annual economic

activity and payroll for those tenants at each airport that did not respond directly to the survey.

Commercial Passenger Surveys – Commercial air passenger surveys were conducted at most of Florida’s other commercial service airports. The survey efforts were used to determine the average percent of non-local enplanements (i.e. visitors), the average length of stay, and average daily expenditures for visitors to Florida who arrive via the commercial service airports. Summary data from the surveys is shown below in **Exhibit 3-2**. Visitors comprise over half of the enplaning passengers (54.5%). On average, these visitors to Florida stay 7.6 days and spend \$127 per day. It was noted that business-related visitors spend typically more per day, but stay fewer days. Also, military-related visitor tend to have lower daily expenditure patterns.

Exhibit 3-2				
Commercial Passenger Enplanements and Visitor Characteristics				
Other Commercial Service Airports				
Florida Airports Economic Impact Study				
		Visitor Characteristics		
	<u>Enplaned</u>	<u>Percent</u>	<u>Avg. Days</u>	<u>Avg. Daily</u>
	<u>Pass./1</u>	<u>Visitors</u>	<u>per Visitor</u>	<u>Expenditures</u>
Daytona Beach /2	313,121	45.0%	6.1	\$105
Gainesville /2	151,438	73.0%	4.8	111
Key West /2	271,425	69.0%	6.9	295
Marathon /4	23,386	60.0%	5.0	110
Melbourne /3	258,216	40.0%	4.5	115
Naples /2	60,075	58.0%	4.6	158
Okaloosa Reg. /2	292,263	52.0%	5.5	168
Orlando Sanford /2	703,090	65.0%	12.4	142
Panama City /2	169,494	67.0%	4.5	93
Pensacola /2	575,052	43.0%	8.6	119
St. Pete./Clearwater/2	455,109	53.0%	4.7	88
Sarasota /3	778,670	57.0%	9.5	73
Tallahassee /2	465,728	46.0%	3.6	145
TOTAL /5	4,517,067	54.5%	7.6	\$127
/1 Provided by airport managers				
/2 WSA survey results				
/3 Previous survey data used				
/4 Visitor characteristics based on surveys at other airports				
/5 Averages reflect statistical analysis of data not shown in this table				

III OTHER COMMERCIAL SERVICE AIRPORT IMPACTS

Commercial service airports in Florida fulfill a wide range of purposes in addition to accommodating scheduled airline service. For example, extensive commercial pilot training is available at Daytona Beach and Sanford, international air charter service is extensive at Sanford, and a large Coast Guard Air Station is based at St. Petersburg/Clearwater. **These activities and others at the Florida’s 13 smaller commercial service airports generate a combined annual economic impact of \$7.2 billion; of this total, over \$2.3 billion is paid in earnings to 102,070 full-time employees.**

The composition of the total annual \$7.2 billion in economic activity impact is charted in **Exhibit 3-3**.

Exhibit 3-3
a. Economic Impact Summary Other Commercial Airports
Florida Airports Economic Impact Study

DIRECT IMPACTS		INDIRECT IMPACTS	
Payroll	\$355,123,400	Visitor	\$2,443,839,000
Capital	168,753,900	Travel Agent	18,606,700
Operations	493,039,900	Subtotal	\$2,462,445,700
Subtotal	\$1,016,917,200		
MULTIPLIER IMPACTS			
From Direct	\$1,022,259,100		
From Indirect	2,685,728,900		
Subtotal	\$3,707,988,000		
TOTAL IMPACTS			
Economic Activity	\$7,187,350,900		
Earnings	\$2,318,980,100		
Jobs	102,070		

The total economic impact that each airport generates for their respective local communities is summarized by airport in **Exhibit 3-4**. Each airport has an economic impact that varies based on a large number of factors. These factors include, but are not limited to, each airport’s annual enplanements and its on-site aviation-related tenants.

Exhibit 3-4
Total Economic Impacts
Other Commercial Service Airports
Florida Airports Economic Impact Study

AIRPORT	IMPACT TYPES			Multiplier Impacts /b	IMPACT MEASURES /a		
	Final Demand Impacts				Economic Activity	Total Earnings	Total Jobs
	Direct	Indirect	Total				
Daytona Beach	\$55,349,900	\$97,565,100	\$152,915,000	\$152,028,400	\$304,943,400	\$95,567,000	4,130
Gainesville	20,984,600	61,407,700	82,392,300	81,244,800	163,637,100	51,582,600	2,307
Key West	15,886,100	392,181,900	408,068,000	397,903,300	805,971,300	259,784,100	12,288
Marathon	4,105,800	8,902,200	13,008,000	13,004,600	26,012,600	8,174,200	360
Melbourne	501,718,100	59,661,400	561,379,500	565,336,900	1,126,716,400	312,722,800	10,678
Naples	27,807,200	32,304,200	60,111,400	60,417,400	120,528,800	37,543,300	1,571
Okaloosa	10,928,400	143,270,700	154,199,100	150,771,100	304,970,200	97,894,400	4,599
Orlando Sanford	91,029,400	816,521,000	907,550,400	881,259,200	1,788,809,600	574,523,800	26,764
Panama City-Bay Co.	18,743,700	50,425,900	69,169,600	68,577,600	137,747,200	43,351,800	1,935
Pensacola	52,849,000	257,378,600	310,227,600	306,801,800	617,029,400	196,830,600	9,003
St. Pete./Clearwater	95,847,500	108,218,300	204,065,800	251,259,500	455,325,300	139,896,300	5,719
Sarasota Bradenton	79,963,700	315,632,000	395,595,700	620,472,300	1,016,068,000	400,331,500	18,216
Tallahassee	41,703,800	118,976,700	160,680,500	158,911,100	319,591,600	100,777,700	4,500
Other Comm. Srv. Total	\$1,016,917,200	\$2,462,445,700	\$3,479,362,900	\$3,707,988,000	\$7,187,350,900	\$2,318,980,100	102,070

SOURCE: Wilbur Smith Associates and U.S. Dept. of Commerce

/a Output from the RIMS II model based on final demand inputs. Includes the multiplier impacts that accrue within Florida

/b Economic Activity impacts minus total final demand impacts

Impacts by type may be summarized as follows:

- Direct impacts, associated with the provision of aviation services, comprise 14.1 percent (\$1.0 billion) of total aviation-related impacts;
- Indirect impacts, associated with the use of aviation services, account for 34.2 percent (\$2.5 billion) of the total;
- Multiplier impacts, related to the respending of money in the area, are 51.7 percent (\$3.7 billion) of the total.

Direct Impacts - The \$1.0 billion in direct aviation-related expenditure impacts at these 13 commercial service airports in Florida are comprised of expenditures by firms and agencies located at the airports. Each airport's direct impacts are presented by airport and expense type in **Exhibit 3-5**.

Exhibit 3-5
Direct Economic Impacts
Other Commercial Service Airports
Florida Airports Economic Impact Study

AIRPORT	DIRECT JOBS				DIRECT EXPENDITURES			
	Full-Time	Part-Time	Total	FEQ/a	Payroll	Capital	Operations	Total
Daytona Beach	662	183	695	723	\$21,195,500	\$14,826,500	\$19,327,900	\$55,349,900
Gainesville	248	104	352	298	8,490,100	4,683,400	7,811,100	20,984,600
Key West	229	54	283	256	7,052,500	3,063,100	5,770,500	15,886,100
Marathon	41	20	61	51	1,308,900	1,343,000	1,453,900	4,105,800
Melbourne	4,204	211	4,415	4,310	157,672,800	29,262,800	314,782,500	501,718,100
Naples	283	56	339	300	10,148,600	8,948,000	8,710,600	27,807,200
Okaloosa	168	105	273	221	4,860,200	2,254,900	3,813,300	10,928,400
Orlando Sanford	877	261	1,138	1,007	28,192,000	33,882,600	28,954,800	91,029,400
Panama City-Bay Co.	253	66	319	285	6,962,400	6,089,800	5,691,500	18,743,700
Pensacola	524	145	669	594	17,191,200	20,915,800	14,742,000	52,849,000
St. Pete./Clearwater	1,896	233	2,129	2,007	56,725,200	11,021,400	28,100,900	95,847,500
Sarasota Bradenton	581	216	797	689	19,002,500	23,305,000	37,656,200	79,963,700
Tallahassee	524	173	697	609	16,321,500	9,157,600	16,224,700	41,703,800
Other Comm. Srv. Total	10,490	1,827	12,167	11,348	\$355,123,400	\$168,753,900	\$493,039,900	\$1,016,917,200

SOURCE: Wilbur Smith Associates

/a Reported as full-time equivalent jobs (FEQ), in which two part time jobs typically (but not always) equal one FEQ job

Indirect Impacts - The estimated \$2.5 billion in “indirect” economic impacts at Florida’s smaller commercial service airports are shown by category and airport in **Exhibit 3-6**. Impacts shown in Exhibit 3-6 are attributable to visitors and travel agencies that use or depend on system airports.

Exhibit 3-6				
Indirect Economic Impacts				
Other Commercial Service Airports				
Florida Airports Economic Impact Study				
INDIRECT EXPENDITURES				
	Commercial	General Aviation		
AIRPORT	Visitor	Visitor	Travel Agent	Total
Daytona Beach	\$90,397,200	\$5,584,500	\$1,583,400	\$97,565,100
Gainesville	58,900,900	2,049,200	457,600	61,407,700
Key West	381,767,500	9,650,400	764,000	392,181,900
Marathon	7,717,400	1,097,600	87,200	8,902,200
Melbourne	53,450,700	4,813,500	1,397,200	59,661,400
Naples	25,324,300	6,750,700	229,200	32,304,200
Okaloosa	141,447,800	522,700	1,300,200	143,270,700
Orlando Sanford	804,700,600	10,122,400	1,698,000	816,521,000
Panama City-Bay Co.	47,525,300	2,265,500	635,100	50,425,900
Pensacola	251,587,300	2,348,400	3,442,900	257,378,600
St. Pete./Clearwater	99,763,500	5,707,300	2,747,500	108,218,300
Sarasota Bradenton	307,804,400	6,389,000	1,438,600	315,632,000
Tallahassee	110,588,000	5,562,900	2,825,800	118,976,700
Other Comm. Srv. Total	\$2,380,974,900	\$62,864,100	\$18,606,700	\$2,462,445,700
SOURCE: Wilbur Smith Associates				

The \$2.4 billion of "visitor expenditures" represent money spent in Florida by visitors who arrived via these 13 commercial service airports. Visitor expenditures comprise the vast majority (99%) of the indirect impacts and illustrate the importance to Florida of leisure and business-related visitors.

As discussed above, enplaning commercial passengers were surveyed and a transient pilot/passenger survey was distributed to the Fixed Base Operators (FBOs). General aviation visitors sometimes stop simply to refuel, or arrive in the morning to conduct business and then depart the same day. For this reason, "day-only" general aviation visitors are identified and separated from "overnight" visitors, who stay for one or more nights. Findings from the visitor surveys are as follows:

- Florida's 13 other commercial service airports attracted an estimated 3,034,700 visitors each year.

- Commercial passenger visitors total an estimated 2,460,002, comprising 81 percent of all visitors. On average, these visitors stayed 7.6 days and spent \$128 per day.
- Visitors who arrived via general aviation aircraft at these 13 commercial service airports total 574,719, comprising 19 percent of all visitors to these airports. Twenty-five (25) percent (143,680) of these general aviation visitors stayed overnight for one or more nights. The other 431,040 general aviation visitors who arrived by way of these airports were day-only visitors.

Multiplier and Total Impacts – As noted in the discussion of study methodology, “direct” and “indirect” economic impacts represent final demand increases. Such “final demand” increases, however, do not represent the total economic impact attributable to Florida airports. Rather, a “multiplier” effect also exists from the responding of the direct and the indirect expenditures throughout the State’s economy.

As shown previously, an aviation-related multiplier impact total of \$3.7 billion is generated from the final demand impacts. **In total, the 13 airports analyzed in this phase of the economic impact analysis generate impacts of \$7.2 billion in economic activity, with \$2.3 billion in earnings paid to the 102,070 employees.**

By tracing the flow of money through Florida’s economy, it is possible to determine the benefits from Florida’s airports by industry type. **Exhibit 3-7** demonstrates how all economic sectors in Florida benefit from the economic cycle that begins with the State’s airport system.

Exhibit 3-7			
Total Economic Impacts by Industry			
Other Commercial Airports			
Florida Airports Economic Impact Study			
Impacted Industry Group	Economic		
	Activity	Earnings	Jobs
	(Dollars)	(Dollars)	(Jobs)
Agriculture	42,132,700	14,837,400	924
Constr. Maint. & Repair	274,572,200	97,401,100	3,514
Food	146,422,600	20,181,800	594
Textiles	2,205,000	461,200	17
Apparel	16,072,400	3,759,300	195
Paper Products	28,409,300	4,824,100	119
Printing, Publishing	84,398,800	25,486,800	854
Chem.\ Petrol.	30,627,200	5,001,900	115
Rubber\ Leather	16,729,100	3,770,300	130
Lumber\Furniture	12,077,800	2,902,400	117
Stone, Clay, Glass	17,482,100	4,618,700	137
Primary Metals	3,330,400	574,700	15
Fabricated Metals	21,019,400	5,052,600	158
Non-elect.I Mach.	8,131,900	2,450,100	69
Electrical Mach.	17,464,000	4,347,400	112
Motor Vehicles,	3,852,900	552,100	18
Transp. Equip.	20,927,100	6,062,400	123
Instruments	7,063,000	2,026,400	54
Miscellaneous Mfg.	7,936,300	2,042,600	95
Transportation	1,148,301,300	347,749,900	10,973
Communications	140,968,900	31,320,300	634
Utilities	114,392,200	18,451,500	304
Wholesale Trade	204,094,600	72,320,300	1,926
Retail Trade	598,856,800	231,804,600	13,136
Finance	208,502,200	64,856,500	1,805
Insurance	85,277,600	32,218,900	892
Real Estate	541,256,900	29,375,200	1,617
Lodging, Amuse.	1,271,451,800	482,828,100	23,511
Personal Services	44,670,500	19,156,900	1,290
Business Services	793,461,500	318,810,100	12,326
Eating, Drinking Estab.	754,031,000	244,644,600	18,760
Health Services	270,275,600	140,385,200	3,931
Other Services	250,955,800	78,704,700	3,605
TOTALS	\$7,187,350,900	\$2,318,980,100	102,070
SOURCE: Wilbur Smith Associates and U.S. Dept. of Commerce			

IV. NON-QUANTIFIABLE BENEFITS

The preceding discussion pertained to the aviation related industry benefits measured in terms of dollars and jobs; however, additional benefits are derived throughout the State airport from other services that are supported and made possible by Florida's airports. Although non-quantifiable, specialized community service benefits attributable to the airport system are vital to the State's residents. Examples of qualitative benefits found during this economic impact study include the following:

- *Business Development* – Airports often play a vital role in attracting new industry and business and sustaining existing industry and business.
- *Express Cargo (JIT)* – The major integrated carriers (FedEx, UPS, etc.) provide Just-In-Time cargo delivery services at several of the 13 airports.
- *Corporate Operations* – Firms with operations or clients throughout Florida and the U.S. often require last minute transport of key personnel. Such transport often cannot be supplied satisfactorily by commercial air service, due to scheduling. However, corporate aviation enables companies to access clients wherever, and whenever, the need arises.
- *Career Training* – Several commercial pilot and aircraft maintenance training facilities are located at Florida's commercial service airports,
- *Search and Rescue* – Law enforcement conducts search and rescue and/or surveillance from aircraft based at these airports.
- *Medical Evacuation (Medevac)* – Airports are used regularly by fixed-wing and/or helicopter air ambulance services to move patients. The rapid response of aviation is essential in treating trauma patients.
- *Medical Shipments* – Airports occasionally are used to receive shipments of medical supplies not available locally (serums, antitoxins, isotopes, transplant organs, etc.), and to ship items for diagnosis (blood and tissue samples etc.). Human organs for transport are also routinely shipped by air.
- *Environmental/Natural Resource Management* – General aviation aircraft are used to aid in managing environmental and wildlife matters.
- *Aerial Inspections and Photography* – Aerial inspections of utilities (pipelines, electricity lines, etc.) enable businesses to monitor their infrastructure and quickly locate problem areas. In addition, aircraft have become an indispensable tool for local developers and planners.
- *Traffic/News* – Local television and news stations regularly conduct helicopter operations to monitor and relay traffic conditions to the general public. In doing so, the instant traffic information enables commuters to avoid areas of traffic congestion and reach their destination more expediently and safely.

These non-quantifiable impacts are summarized below in **Exhibit 3-8**.

Exhibit 3-8 Non-Quantifiable Benefits Other Commercial Airports Florida Airports Economic Impact Study										
Airport	Bus. Dvlpmnt.	Express Cargo	Corp. Opers.	Career Training	Search & Rescue	Medevac	Medical Ship.	Environ. Mgmt.	Aerial Insp.	Traffic & News
Daytona Beach	→	→	→	→	→	→				→
Gainesville	→	→	→					→		
Key West										
Marathon										
Melbourne	→	→	→	→						
Naples	→	→	→	→	→	→		→		→
Okaloosa	→	→			→					
Orlando Sanford	→	→	→	→	→	→	→	→	→	→
Panama City-Bay Co.	→		→		→	→	→	→	→	
Pensacola	→	→	→			→	→			
St. Pete./Clearwater	→	→	→	→	→	→	→		→	
Sarasota Bradenton	→	→	→	→						
Tallahassee	→	→	→	→	→	→	→	→		

source: Wilbur Smith Associates

CHAPTER 4 SAMPLED GENERAL AVIATION AIRPORT IMPACTS

I. APPROACH

This chapter summarizes the economic impact estimates of 23 general aviation (GA) airports that were chosen to be sampled as part of the FASP 2000 economic impact analysis. The 23 sampled airports were chosen based on an assessment of all public-use general aviation airports in Florida. The estimated impacts of the 23 sampled airports were developed using the Regional Input/Output Model (RIMS-II) to analyze data gathered from airport visits, and airport manager, tenant, and visitor surveys. The impacts associated with the sample airports provide the basis for extrapolating the impacts of the remaining public-use general aviation airports in the Florida system. This extrapolation process is addressed in the Chapter 5.

Factors used to select the sample airports include airport size, activity, location, and previous available economic impact data. The objective was to identify a representative sample of airport activity and impacts throughout Florida. Specifically, the selected airports reflect the diversity of Florida's airports, ranging from large, busy facilities with many based aircraft to small airports with only a few based aircraft.

To ensure proper representation geographically throughout the State, at least two airports were selected from each of the nine CFASPP regions. Regarding the activity criterion, both total annual aircraft operations and based aircraft were considered. If the airport conducted an economic impact study recently (i.e. 1995 or later), then the airport was not included in the sample for FASP 2000. The selected sample airports are listed below in **Exhibit 4-1** by CFASPP Region.

II SURVEY RESULTS

As outlined in Chapter 1, a series of surveys were administered to airport managers, tenants, and pilots/passengers. These surveys provided a framework to collect and analyze economic impact associated with Florida airports. A summary of survey responses and findings for the 23 general aviation airports that were sampled in this study follows.

A good survey response rate (almost 82 percent) from the tenants at sampled airports was obtained. Discussions with airport managers and other tenants were used to generate employee estimates for those tenants that did not respond. Expenditure per job ratios from the other responding tenants was used to generate estimates of total economic activity and payroll.

Exhibit 4-1
Sampled General Aviation Airports
Florida Airports Economic Impact Study

Region	Airport
Northwest Florida	Bob Sikes Airport Peter Prince Field
North Central Florida	Lake City Municipal Airport Ocala Regional Airport Suwannee County Airport
Northeast Florida Metro	Kay Larkin Airport Keystone Airport
East Central Florida Metro Area	DeLand Municipal Airport Space Coast Regional Airport Valkaria Airport
West Central Florida Metro Area	Albert Whitted Municipal Airport Hernando County Airpark Zephyrhills Municipal Airport
Central Florida Region	Bartow Municipal Airport Sebring Regional Airport Winter Haven Municipal Airport
Southwest Florida Region	Airglades Airport Immokalee Airport
Treasure Coast Region	St. Lucie County International Airport Vero Beach Municipal Airport
South Florida Metro Area	Boca Raton Airport Fort Lauderdale Exec. Airport Kendall-Tamiami Exec. Airport

Economic Impacts At Sampled General Aviation Airports

The 23 general aviation airports that were surveyed fulfill a wide range of purposes that generate a combined annual impact of \$890 million in economic activity. **Of this total, over \$264 million is paid in earnings to 9,120 employees. The composition of the total annual \$890 million in economic activity impact is charted in Exhibit 4-2.**

The total “economic activity” impact that each of the sampled 23 general aviation airports generates is summarized by airport in **Exhibit 4-3**. The three "impact types" (direct, indirect, and multiplier) detail the nature of these expenditures. The "earnings" impact measure reflects that amount of economic activity attributable to wages and salaries. The "jobs" measure reflects the jobs associated with the earnings impacts. The remainder of this section provides airport detail about the components of these benefits and identifies non-quantifiable benefits associated with Florida’s general aviation airports.

Airport Impacts – Each of the sampled general aviation airports has economic value to the area that it serves. The composition of direct, indirect and multiplier impacts vary by airport. The following highlights impacts by type:

- Direct impacts, associated with the provision of aviation services, comprise 44.2 percent (\$393 million) of total aviation-related impacts.
- Indirect impacts, associated with the use of aviation services, account for only 4.0 percent (\$36 million) of the total impacts at the sampled general aviation airports.
- Multiplier impacts, related to the respending of money, are 51.8 percent (\$461 million) of the total economic impact.
- Nearly 56 percent of the economic activity impact (the indirect and multiplier impacts) benefits people who are neither suppliers nor users of aviation services and who may not perceive themselves as benefiting from the airports.

**Exhibit 4-2
Economic Impact Summary Sampled General Aviation Airports
Florida Airports Economic Impact Study**

DIRECT IMPACTS Payroll \$154,112,700 Capital 58,249,800 Operations 181,056,900 Subtotal \$393,419,400		INDIRECT IMPACTS Visitor \$35,925,100	
MULTIPLIER IMPACTS From Direct \$390,613,700 From Indirect 70,142,600 Subtotal \$460,756,300			
TOTAL IMPACTS Economic Activity \$890,100,800 Earnings \$264,421,800 Jobs 9,120			

**Exhibit 4-3
Total Economic Impacts
Sampled General Aviation Airports
Florida Airports Economic Impact Study**

AIRPORT	IMPACT TYPES				IMPACT MEASURES /a		
	Final Demand Impacts			Multiplier Impacts /b	Economic Activity	Total Earnings	Total Jobs
	Direct	Indirect	Total				
Airglades	\$1,091,300	\$97,600	\$1,188,900	\$1,295,100	\$2,484,000	\$734,200	21
Bartow Municipal	4,240,600	423,200	4,663,800	4,886,400	9,550,200	2,699,500	90
Bob Sikes	22,082,100	961,500	23,043,600	24,191,500	47,235,100	13,208,300	499
Boca Raton	5,081,700	3,772,300	8,854,000	9,188,500	18,042,500	5,612,100	223
DeLand Municipal	11,495,900	488,100	11,984,000	12,350,500	24,334,500	7,328,700	287
Fort Lauderdale Exec.	52,428,300	7,796,700	60,225,000	60,471,600	120,696,600	36,224,800	1,301
Hernando County	3,911,200	541,800	4,453,000	4,920,700	9,373,700	2,812,700	121
Immokalee Regional	2,210,000	244,000	2,454,000	2,522,400	4,976,400	1,447,300	61
Kay Larkin	880,200	618,100	1,498,300	1,548,600	3,046,900	905,700	40
Kendall-Tamiami Exec.	25,043,300	3,341,600	28,384,900	28,937,200	57,322,100	17,318,900	625
Keystone Airpark	681,900	356,300	1,038,200	1,092,300	2,130,500	659,000	24
Lake City Municipal	66,299,900	387,800	66,687,700	85,063,400	151,751,100	48,775,000	1,717
Ocala Regional	6,565,800	409,700	6,975,500	7,500,400	14,475,900	4,432,200	157
Peter Prince Field	379,200	184,200	563,400	564,900	1,128,300	329,900	14
St. Lucie County Int'l	16,697,700	2,800,700	19,498,400	19,615,400	39,113,800	11,768,400	428
Sebring Regional	7,959,400	3,474,300	11,433,700	12,075,400	23,509,100	7,206,000	276
Space Coast Regional	6,317,200	2,643,500	8,960,700	9,265,000	18,225,700	5,622,400	215
Suwannee County	256,500	174,200	430,700	435,100	865,800	248,900	10
Valkaria	151,900	302,900	454,800	468,100	922,900	290,500	11
Vandenberg	3,644,200	1,086,400	4,730,600	4,956,200	9,686,800	2,976,900	110
Vero Beach Muni.	146,910,700	4,744,700	151,655,400	158,955,500	310,610,900	87,623,100	2,676
Winter Haven Muni.	1,536,100	732,100	2,268,200	2,280,300	4,548,500	1,374,800	50
Zephyrhills Muni.	<u>7,554,300</u>	<u>343,400</u>	<u>7,897,700</u>	<u>8,171,800</u>	<u>16,069,500</u>	<u>4,822,500</u>	<u>164</u>
Sample GA Total	\$393,419,400	\$35,925,100	\$429,344,500	\$460,756,300	\$890,100,800	\$264,421,800	9,120

SOURCE: Wilbur Smith Associates and U.S. Dept. of Commerce

/a Output from the RIMS II model based on final demand inputs. Includes the multiplier impacts that accrue within Florida.

/b Economic Activity impacts minus total final demand impacts

Direct Impacts - The \$393 million in direct aviation-related expenditure impacts at the 23 sampled general aviation airports are presented by airport and expense type in **Exhibit 4-4**.

**Exhibit 4-4
Direct Economic Impacts
Sampled General Aviation Airports
Florida Airports Economic Impact Study**

AIRPORT	DIRECT JOBS				DIRECT EXPENDITURES			
	Full-Time	Part-Time	Total	FEQ /a	Payroll	Capital	Operations	Total
Airglades	6	10	16	11	\$432,500	\$393,400	\$265,400	\$1,091,300
Bartow Municipal	51	6	57	54	1,675,900	510,300	2,054,400	4,240,600
Bob Sikes	251	22	273	262	7,618,300	1,145,200	13,318,600	22,082,100
Boca Raton	57	4	61	59	1,673,300	2,407,800	1,000,600	5,081,700
DeLand Municipal	182	17	199	191	4,622,600	3,501,000	3,372,300	11,495,900
Fort Lauderdale Exec.	602	51	653	628	18,102,000	8,781,900	25,544,400	52,428,300
Hernando County	35	82	117	76	1,316,800	1,489,000	1,105,400	3,911,200
Immokalee Regional	27	8	35	31	595,700	584,400	1,029,900	2,210,000
Kay Larkin	11	10	21	16	253,500	267,000	359,700	880,200
Kendall-Tamiami Exec.	316	45	361	339	12,087,500	6,682,800	6,273,000	25,043,300
Keystone Airpark	5	4	9	7	205,400	337,000	139,500	681,900
Lake City Municipal	870	210	1,080	975	28,540,900	2,303,400	35,455,600	66,299,900
Ocala Regional	58	6	64	61	1,551,500	3,499,100	1,515,200	6,565,800
Peter Prince Field	2	8	10	6	100,000	72,000	207,200	379,200
St. Lucie County Int'l	275	25	300	287	8,414,500	3,175,700	5,107,500	16,697,700
Sebring Regional	80	7	87	84	2,335,400	3,369,300	2,254,700	7,959,400
Space Coast Regional	72	18	90	81	1,905,300	2,633,900	1,778,000	6,317,200
Suwannee County	4	2	6	5	101,200	32,500	122,800	256,500
Valkaria	0	3	3	2	59,900	75,000	17,000	151,900
Vandenberg	40	11	51	46	1,041,600	1,632,000	970,600	3,644,200
Vero Beach Muni.	1,464	219	1,683	1,574	57,878,400	13,038,700	75,993,600	146,910,700
Winter Haven Muni.	19	12	31	25	666,300	143,500	726,300	1,536,100
Zephyrhills Muni.	82	17	99	91	2,934,200	2,174,900	2,445,200	7,554,300
Sample GA Total	4,509	797	5,306	4,907	\$154,112,700	\$58,249,800	\$181,056,900	\$393,419,400

SOURCE: Wilbur Smith Associates

/a Reported as full-time equivalent jobs (FEQ), in which two part time jobs typically (but not always) equal one FEQ job

- **Jobs** - The total 5,306 people employed at the 23 sampled general aviation airports include 4,509 full-time and 797 part-time positions. On a full-time equivalent basis, in which two part-time employees equal one full-time employee, a total of 4,907 full time equivalent jobs exist.
- **Payroll Expenses** - The tabulation reveals that payroll for people who work at the sampled airports totals \$154 million annually, approximately 39 percent of the total direct expenditure impact. This payroll goes to the estimated 4,907 full time equivalent jobs at the airport.
- **Capital Expenses** - Capital investment represents physical improvements to airport facilities, such as runways, buildings, terminals, navigational equipment, and other airport facilities. The estimated \$58 million in total "capital impacts" comprise investments typically made annually over a ten-year period and comprise 15 percent of total direct expenditures. Funds may come from private sources, such as leaseholders, public sponsors, the State, or FAA grants.
- **Operating Expenses** - The total \$181 million in operating expenses includes expenditures for local utilities, operations, parts and supplies, services, and other local purchases. This category represents over 46 percent of the total direct expenditure impacts.

Indirect Impacts - The estimated \$36 million in aviation “indirect” impacts at the 23 sampled general aviation airports are shown by airport in **Exhibit 4-5**. As discussed above, a transient pilot survey was distributed to the Fixed Base Operators at each airport. Information collected from visiting passengers and pilots includes average length of stay and expenditures per day for each airport. Often, general aviation visitors stop simply to refuel, or arrive in the morning to conduct business and then depart the same day. For this reason, “day-only” general aviation visitors are identified and separated from “overnight” visitors who remain in Florida for one or more nights.

Exhibit 4-5		
Indirect Economic Impacts		
Sampled General Aviation Airports		
Florida Airports Economic Impact Study		
AIRPORT		Visitor Impacts
Airglades		\$97,600
Bartow Municipal		423,200
Bob Sikes		961,500
Boca Raton		3,772,300
DeLand Municipal		488,100
Fort Lauderdale Executive		7,796,700
Hernando County		541,800
Immokalee Regional		244,000
Kay Larkin		618,100
Kendall-Tamiami Executive		3,341,600
Keystone Airpark		356,300
Lake City Municipal		387,800
Ocala Regional		409,700
Peter Prince Field		184,200
St. Lucie County International		2,800,700
Sebring Regional		3,474,300
Space Coast Regional		2,643,500
Suwannee County		174,200
Valkaria		302,900
Vandenberg		1,086,400
Vero Beach Municipal		4,744,700
Winter Haven Municipal		732,100
Zephyrhills Municipal		343,400
Sample GA Total		\$35,925,100
SOURCE: Wilbur Smith Associates		

GA visitors at the 23 sampled general aviation airports totaled 531,587, 25 percent (132,897) of whom stayed for one or more nights. The other 398,690 GA visitors were day-only visitors.

Multiplier and Total Impacts - The "direct" and "indirect" economic impacts represent final demand increases. "Final demand" increases, however, do not represent the total

economic impact value attributable to the 23 sampled general aviation airports. Rather, a "multiplier" effect of \$461 million also exists from the respending of the final demand (direct and indirect) expenditures. In total, the 23 sampled general aviation airports generate impacts of \$890 million in economic activity, with \$264 million in earnings paid to the 9,120 full-time employees.

By tracing the flow of money from these general aviation airports through Florida's economy, it is possible to identify the various types of industries that benefits from the airports. **Exhibit 4-6** summarizes this calculation for all 23 sampled airports and shows that all industry types benefit.

III. NON-QUANTIFIABLE RESULTS

The preceding discussion pertained to the aviation related benefits measured in terms of dollars and jobs. However, additional health welfare and safety benefits for communities throughout Florida are derived from each general aviation airport. Although non-quantifiable, these specialized community service benefits are vital to the State's residents.

The non-quantifiable health, welfare, safety, and other economic benefits associated with Florida's general aviation airports are similar in many ways to those qualitative benefits that were described in the previous chapter for the State's smaller commercial service airports. In addition to many aviation related businesses that are located directly on general aviation airports throughout Florida, there are many non-aviation companies in all communities that depend on general aviation to support their daily business activities.

General aviation airports support tourism, and to a lesser extent than the Florida's commercial airports, they also support cargo activities. General aviation airports are the sites for numerous flights that are related to emergency medical services and search and rescue activities. General aviation airports support environmental patrol, news and traffic reporting, disaster relief, fire fighting, aerial inspections, and agricultural spraying. Agricultural spraying activities that are supported at Florida's general aviation airports, by themselves, are worth millions of dollars to the State's agricultural industry each year. **Exhibit 4-7** summarizes the non-quantifiable benefits for the 23 sampled general aviation airports.

Exhibit 4-6				
Total Economic Impacts by Industry				
Sampled General Aviation Airports				
Florida Airports Economic Impact Study				
Impacted Industry Group	Economic			Jobs
	Activity	Earnings		
	(Dollars)	(Dollars)	(Jobs)	
Agriculture	3,242,800	1,230,300	75	
Constr. Maint. & Repair	71,270,100	24,227,200	881	
Food	8,685,100	1,148,700	35	
Textiles	233,000	45,900	2	
Apparel	1,737,500	414,900	22	
Paper Products	2,313,500	369,500	10	
Printing, Publishing	7,404,900	2,234,200	74	
Chem.\ Petrol.	5,618,400	954,300	22	
Rubber\ Leather	3,211,300	693,300	24	
Lumber\Furniture	1,910,800	440,000	18	
Stone, Clay, Glass	4,225,800	1,092,300	34	
Primary Metals	1,296,400	234,100	6	
Fabricated Metals	5,384,900	1,425,400	47	
Non-elect.I Mach.	2,482,400	871,000	25	
Electrical Mach.	7,447,000	2,083,300	53	
Motor Vehicles,	388,400	54,200	2	
Transp. Equip.	168,857,300	42,825,800	938	
Instruments	9,428,600	3,334,200	75	
Miscellaneous Mfg.	846,100	215,900	11	
Transportation	236,829,500	69,137,500	2,178	
Communications	14,556,000	3,207,900	66	
Utilities	9,958,000	1,499,600	27	
Wholesale Trade	26,796,300	9,322,600	256	
Retail Trade	36,074,600	13,755,100	798	
Finance	21,791,600	6,626,500	185	
Insurance	10,145,800	3,765,200	107	
Real Estate	53,739,600	2,567,200	145	
Lodging, Amuse.	27,597,900	10,319,400	519	
Personal Services	4,701,000	1,956,900	134	
Business Services	52,505,100	24,085,000	836	
Eating, Drinking Estab.	25,413,900	8,159,100	637	
Health Services	31,519,400	16,015,600	462	
Other Services	32,488,100	10,109,700	416	
TOTALS	\$890,101,100	\$264,421,800	9,120	

SOURCE: Wilbur Smith Associates and U.S. Dept. of Commerce

Exhibit 4-7
Non-Quantifiable Benefits
Sampled General Aviation Airports
Florida Airports Economic Impact Study

	Bus. Dvlpmnt.	Express/ J.I.T. Cargo	Corp./Bus Activity	Educ./Carr Training	Search & Rescue	Medevac	Medical Ship.	Environ. Patrol.	Aerial Insp.	Traffic & News	Forest Fire Fighting	Agric. Spraying
Airglades	♦		♦			♦						♦
Bartow Municipal	◆	♦	◆	◆	♦	◆	♦	◆	♦	♦	♦	♦
Bob Sikes	♦	♦	♦	♦	♦							
Boca Raton	◆		◆		♦	◆	◆	♦		♦		
DeLand Municipal	♦	♦	◆	◆							♦	
Fort Lauderdale Exec.	◆	◆	◆	◆	◆	◆	◆			♦		
Hernando County	◆	◆	♦		♦	◆			♦		◆	
Immokalee Regional	♦	◆	♦	♦								◆
Kay Larkin	♦	♦	♦	♦							♦	♦
Kendall-Tamiami Exec.	◆	◆	◆	◆	◆	◆	♦	♦	◆	◆	◆	♦
Keystone Airpark			♦			♦		♦				♦
Lake City Municipal	◆	♦	◆			♦					♦	
Ocala Regional	◆	◆	◆	♦	♦	♦	♦	♦	♦	♦	◆	♦
Peter Prince Field	♦	♦	♦	♦	♦						♦	
St. Lucie County Int'l	◆	◆	◆	◆	◆	◆	◆		♦	♦	♦	
Sebring Regional	◆	◆	♦		♦	◆	◆		♦		♦	◆
Space Coast Regional	◆	♦	◆	◆	◆	♦	♦		◆	◆	♦	
Suwannee County	♦	♦	♦	♦							♦	
Valkaria												♦
Vandenberg	♦	♦	◆	♦	◆	♦	♦	♦	♦	♦	♦	♦
Vero Beach Muni.	◆	♦	◆	◆	♦	♦	♦	♦	♦	♦	♦	♦
Winter Haven Muni.			♦			◆						
Zephyrhills Muni.	◆	♦	◆	◆	◆	◆	◆					

source: Wilbur Smith Associates

Activity Level	
High	◆
Medium	◆
Low	♦

CHAPTER 5 EXTRAPOLATED GENERAL AVIATION AIRPORT IMPACTS

I. APPROACH

This chapter details the extrapolation process used to estimate the aggregate economic impacts associated with 86 other public use general aviation airports in the Florida system that were not specifically visited or surveyed as part of the FASP 2000 Economic Impact Study. The extrapolated economic impacts for these additional general aviation airports are based relationships (i.e. the correlation) between airport size and activity to observed impacts at the 23 sampled general aviation airports evaluated in this study. To test and substantiate the correlations developed from this study, airport impacts and activity at other airports across the U.S., previously studied by the consultant were compared to the findings for the 23 sampled general aviation airports.

Data Used - Data collected from the 23 sampled general aviation airports includes operational, activity, facility, and the resultant economic impact data. Airport data includes itinerant/air taxi aircraft operations, based aircraft, and runway length. Airport impact data includes *final demand* expenditures, which include the *direct* at-airport expenditures made by the airport operator and tenants through the provision of aviation services, as well as the *indirect* expenditures associated with visitors who arrive via the airports. These final demand impacts exclude the multiplier impacts.

Regression Equation - The regression analysis was used to develop a statistically valid equation to estimate the total final demand impact of all remaining public use general aviation airports in the Florida system. Specifically, the regression analysis tested the correlation between the total final demand impacts (direct and indirect impacts) and various independent variables (itinerant/air taxi aircraft operations, based aircraft, and runway length). Only straight line or “linear” regressions were examined.

The correlation between the dependent variable, final demand impacts, was tested against seven different combinations of one or more of the independent airport variables. Independent variable tested through regression analysis listed below:

- Itinerant/air taxi aircraft operations
- Based aircraft
- Runway length
- Itinerant/air taxi aircraft operations and based aircraft
- Itinerant/air taxi aircraft operations and runway length
- Based aircraft and runway length
- Itinerant/air taxi aircraft operations, based aircraft, and runway length

II. REGRESSION RESULTS

Multiple sets of regression analyses were conducted. The first set considered data from all 23 surveyed general aviation airports. However, due to unique aviation activities at both Lake City and Vero Beach, the regression equations yielded unsatisfactory results. In other words, the predicted impacts (based on the regression equations) did not satisfactorily approximate actual observed impacts. For this reason, Lake City and Vero Beach were considered “outliers” and were excluded from the regression analysis. The second set of regression analyses (based on 21 airports) yielded better results.

The output of the seven regression equations for the 21 surveyed general aviation airports is shown in **Exhibit 5-1**. The two equations yielding the highest r^2 values without any negative X coefficients were the regressions based on the relationships between *Itinerant Aircraft Operations* and *Itinerant Aircraft Operations and Based Aircraft*. Since the correlation statistics for these two sets of independent variables were close, the less complex equation, *Itinerant Aircraft Operations*, was selected.

The equation’s X coefficient of 268.86 suggests that for every itinerant aircraft operation, \$268.86 of final demand impact occurs at public use general aviation airports in Florida. This \$268.86 reflects at-airport impacts associated with the provision of aviation services and/or the indirect impacts associated with visitor expenditures. *Note the \$268.86 in final demand impact per itinerant operation excludes the multiplier impact.*

To test conducted the equations results, the 854,653 itinerant aircraft operations at the 21 surveyed general aviation airports was multiplied by \$268.86 and the results compared to the actual observed impacts. Doing so, the regression equation generates a final demand impact estimate of \$229,783 million. This regression estimate compares favorably to the documented impact total of \$211 million² for the 21 surveyed public use general aviation airports.

² Note an additional \$218 million of final demand impact occurred at the two sample airports omitted from this regression analysis. Combined with the \$211 million, a total of \$429 million of final demand impact occurred at all 23 sample airports.

Exhibit 5-1
Regression Analysis Other General Aviation Airports
Florida Airports Economic Impact Study

Itinerant Operations	
Constant	0
Std Error of Y Est	6,670,518
R Squared	0.7688
No. of Observations	21
Degrees of Freedom	20
	<u>In Ops</u>
X Coefficient(s)	268.86
Std Error of Coef.	25

Itinerant Operations & Based Aircraft		
Constant	0	
Std Error of Y Est	6,346,580	
R Squared	0.8011	
No. of Observations	21	
Degrees of Freedom	19	
	<u>In Ops</u>	<u>Based Aircraft</u>
X Coefficient(s)	156	30,644
Std Error of Coef.	68	17,422

Based Aircraft	
Constant	0
Std Error of Y Est	6,980,611
R Squared	0.7468
No. of Observations	21
Degrees of Freedom	20
	<u>Based Aircraft</u>
X Coefficient(s)	67,848
Std Error of Coef.	6,702

Itinerant Operations & Primary Runway		
Constant	0	
Std Error of Y Est	6,766,723	
R Squared	0.7739	
No. of Observations	21	
Degrees of Freedom	19	
	<u>In Ops</u>	<u>Prim Rwy</u>
X Coefficient(s)	287	(266)
Std Error of Coef.	38	402

Primary Runway	
Constant	0
Std Error of Y Est	13,268,635
R Squared	0.0851
No. of Observations	21
Degrees of Freedom	20
	<u>Prim Rwy</u>
X Coefficient(s)	1,990
Std Error of Coef.	534

Based Aircraft & Primary Runway		
Constant	0	
Std Error of Y Est	7,135,357	
R Squared	0.7486	
No. of Observations	21	
Degrees of Freedom	19	
	<u>Based Aircraft</u>	<u>Prim Rwy</u>
X Coefficient(s)	65,507	146
Std Error of Coef.	9,249	388

Itinerant Operations, Based Aircraft & Primary Runway			
Constant	0		
Std Error of Y Est	6,464,486		
R Squared	0.8045		
No. of Observations	21		
Degrees of Freedom	18		
	<u>In Ops</u>	<u>Based Aircraft</u>	<u>Prim Rwy</u>
X Coefficient(s)	174	29,879	(216)
Std Error of Coef.	77	17,798	386

III REGRESSION RESULTS FROM PREVIOUS ECONOMIC IMPACTSURVEYS

To further test the results of the regression analysis for the 21 surveyed airports, information from 361 other previously studied general aviation airports was analyzed. The itinerant operation regression equation developed for these airports was remarkably similar. The regression output for the previously studied airports produced an equation with an r^2 value of 0.8850 and an X coefficient value of 299. These results compare quite favorably to the Florida values of 0.7688 and 268, respectively.³ This further substantiates the validity of the Florida regression analysis and findings.

IV. NON-SURVEYED AIRPORT IMPACTS

Based on the regression analysis, the final demand expenditure impacts (direct and indirect impacts without the multiplier impacts) of the 86 non-visited airports totaled \$535.4 million. This estimate reflects the application of the \$268.86 per itinerant operation to the 2.0 million itinerant operations at the non-surveyed 86 GA airports shown in **Exhibit 5-2**.

To estimate the associated multiplier and total impact value, the RIMS-II input/output model was applied to the final demand estimates. The model inputs were allocated proportionally by the same coefficients used to estimate the impacts for the 23 sampled general aviation airports. **The estimated annual economic activity at the 86 non-surveyed airports totals \$1.4 billion. Of this total, \$415 million is paid to the 14,005 full-time employees.**

³ A test of significance indicates that we cannot reject the Florida coefficient (268) as different from the larger WSA sample coefficient (299). That is, we have confidence that the estimated equation based on 21 Florida airports is not significantly different from the model derived from the larger set of 334 airports.

Exhibit 5-2							
Extrapolated Final Demand Impacts							
Other General Aviation Airports							
Florida Airports Economic Impact Study							
AIRPORT STATISTICS				AIRPORT STATISTICS			
Airport Name	Itinerant GA/ Air Taxi Ops.	Based Aircraft	Primary RW Lngth	Airport Name	Itinerant GA/ Air Taxi Ops.	Based Aircraft	Primary RW Lngth
Airport Manatee	2,000	105	3685	Marianna Municipal	10,800	30	4895
Albert Whitted Muni.	40,892	172	3677	Massey Ranch	4,000	39	4300
Ames Field	500	2	2600	Merritt Island	49,500	203	3601
Apalachicola Muni.	3,000	32	5070	Mid-Florida	10,000	38	3000
Arcadia Muni.	5,800	30	3700	New Hibiscus	2,500	20	3120
Arthur Dunn	10,000	99	3000	New Smyrna Beach Muni.	48,894	161	4000
Avon Park Muni.	17,300	61	5364	North Palm Beach Co. GA	27,501	0	4300
Belle Glade State	600	14	3750	North Perry	44,271	354	3050
Bob Lee	1,000	26	3300	Okeechobee County	28,000	26	5000
Bob White Field	6,000	71	3300	Opa-locka	58,638	327	8002
Buchan	3,250	11	2475	Opa-locka West	3,200	0	3000
Calhoun County	580	5	2840	Orlando Country	143,086	271	3040
Carrabelle-Thompson	500	3	4000	Ormond Beach Municipal	54,000	105	4004
Cecil Field	16,000	91	12501	Page Field	53,242	240	6401
Chalet Suzanne	2,020	6	2500	Palm Beach Co. Glades	5,600	12	4709
Charlotte County	43,140	284	6580	Palm Beach County Park	43,039	381	3228
Clearwater	37,050	131	3300	Perry-Foley	7,000	13	4378
Coastal	2,500	26	2300	Peter O. Knight	30,000	106	3405
Costin	5,800	4	4230	Pierson Municipal	13,540	7	2600
Craig Municipal	80,591	241	4004	Pilot Country	5,000	42	3700
Cross City	8,000	5	5005	Plant City	11,200	68	3950
Crystal River	11,943	54	4297	Pompano Beach	50,964	0	4001
Dade-Collier Train. & Trans.	11,500	0	10499	Quincy Municipal	3,502	55	2964
DeFuniak Springs Muni.	5,200	11	3200	River Ranch Resort	4,000	0	4950
Destin-Ft. Walton Beach	52,000	129	5005	Sebastian Municipal	60,000	50	4000
Dunnellon/Marion County	3,000	47	4941	Shell Creek	1,500	5	2600
Everglades	2,800	8	2400	South Lakeland	2,000	32	4025
Executive Arpt	124,195	361	6003	St. Augustine	81,050	245	6939
Ferguson Arpt	17,500	22	3200	St. George Island	500	0	3700
Fernandina Beach Muni.	32,000	73	5300	Tallahassee Comm.	5,000	9	8001
Flagler County	95,100	70	5000	Tampa North	7,000	15	3541
Flying Ten	10,000	15	3400	Tri-County	7,000	6	4000
Ft. Walton Beach	750	8	2300	Umatilla Municipal	1,900	15	2300
George T. Lewis	4,000	3	2355	Venice Municipal	75,305	234	5000
Herlong	35,000	117	4000	Wakulla County	1,500	9	2880
Hilliard	600	24	2000	Watson Island Seaplane Bas	3,500	0	15,000 (w)
Homestead GA	36,500	77	3000	Wauchula Municipal	4,620	52	4000
Homestead Regional	1,400	20	11200	Williston Municipal	11,000	31	5050
Indiantown	4,000	27	6300	Witham Field	<u>53,919</u>	<u>201</u>	<u>4652</u>
Inverness	6,000	35	3762	TOTAL	1,991,505	6688	na
Jack Brown Seaplane Base	500	18	3,400 (w)				
Kissimmee Municipal	48,032	255	5000	Itinerant Operation Coefficient	\$268.86		
LaBelle Municipal	4,120	44	3810				
Lake Wales Municipal	8,000	51	3999	Est. Final Demand Impact of GA Airports Not Surveyed:			
Lakeland Linder Regional	102,709	195	5000		\$535,440,000		
Leesburg Regional	51,462	185	4320				
Marco Island Executive	9,400	18	5000				

source: FAA (5010 data), airport operators and WSA

Note excludes: Ft. Lauderdale-Dow ntown Heliport (under constructions; Rudy's Airpark (closed); and Watson Island Heliport (no data available).

CHAPTER 6 MILITARY AIR FACILITIES IMPACTS

I. APPROACH

This chapter summarizes the economic impact estimates of the 12 major military air facilities in Florida. The analysis is based on the collection and evaluation of existing studies, reports, and information for these installations. These military air facilities include five Naval Air Stations (NAS), five Air Force Bases (AFB), and two other facilities. Previous economic impact studies have been prepared for only three of the twelve military facilities. Other reports and information were accumulated for seven of the remaining nine air bases. No information was available for the two facilities at Avon and Homestead. The 12 military facilities included in this analysis are:

- Eglin AFB
- Hurlburt Field AFB
- MacDill AFB
- Patrick AFB
- Tyndall AFB
- Avon AFR
- Homestead ARS
- Jacksonville NAS
- Key West NAS
- Mayport NAS
- Pensacola NAS
- Whiting Field NAS

The underlying objective of this phase of the analysis is to identify total impact numbers that can be used in conjunction with the civilian commercial service and general aviation airport impacts to provide a picture of the total economic benefit that Florida receives from aviation. To do so required some analysis based on key assumptions:

- For the ten of the 12 military air facilities, data was obtained on total employment, payroll, and expenses.
- The military air facility impacts presented in this paper exclude non-aviation related military impacts (i.e. naval base facilities).
- To generate total impact estimates (i.e. inclusive of the multiplier effect) aggregate jobs, payroll, and economic activity were input into the RIMS-II model. Multipliers for the federal government were applied to the final demand estimates.

II MILITARY AIR FACILITY DATA

Data collected from the military air facilities includes jobs, payroll, and expenditures, as shown in **Exhibit 6-1**. Jobs and payroll are presented by type. Jobs are divided into military and civilian and appropriated and non-appropriated categories. Expenditures include payroll, capital expenditures, and operational expenditures.⁴ The largest direct job impacts occur at Eglin (16,953) and Pensacola (16,210). However, regarding direct expenditure impacts, Patrick AFB surpasses Pensacola NAS due to relatively large contract expenditures at this facility that include large defense contracts with private firms working on or near this facility.

**Exhibit 6-1
Direct Military Air Facility Impacts
Florida Airports Economic Impact Study**

Military Air Facility	Direct Jobs				Direct Facility Expenditures			
	Military	Civil (App)	Civil (NA)	Total	Payroll	Capital	Operations	Total
Eglin /1	8983	3704	4266	16953	\$790,427,900	\$44,784,300	\$268,579,100	\$1,103,791,300
Hurlburt Fld./2	1831	798	na	2629	98,623,300	na	51,740,000	150,363,300
MacDill /3	6102	1265	844	8211	283,231,800	18,847,900	192,289,600	494,369,300
Patrick /4	3287	1645	699	5631	193,310,100	27,498,600	810,330,400	1,031,139,100
Tyndall /5	4191	647	1623	6461	162,175,100	15,426,500	79,123,900	256,725,500
Jacksonville /6	1463	415	325	2203	58,286,600	na	26,638,000	84,924,600
Key West /7	1242	553	254	2049	54,500,000	na	38,550,100	93,050,100
Mayport /8	689	352	306	1347	33,603,900	na	39,198,100	72,802,000
Pensacola /9	11900	3145	1165	16210	596,989,200	na	125,756,600	722,745,800
Whiting Fld. /10	1570	420	na	1990	32,557,600	na	38,394,000	70,951,600
Homestead	na	na	na	na	na	na	na	0
Avon	na	na	na	na	na	na	na	0
TOTAL	41258	12944	9482	63684	\$2,303,705,500	\$106,557,300	\$1,670,599,800	\$4,080,862,600

sources:

- /1 Eglin Economic Impact Analysis, 1998
- /2 Fact Sheet, 16th Special Operations Wing, Hurlbert Field
- /3 MacDill Air Force Base Economic Impact Resource Statement, 1998
- /4 Patrick Air Force Base Economic Impact Analysis (EIA), 1998
- /5 Tyndall Air Force Base Economic Resource Impact Statement, 1998
- /6 www.comnavregse.navy.mil
- /7 Telephone conversations, email correspondence and WSA estimates
- /8 www.comnavregse.navy.mil
- /9 Economic Impact of U.S. Navy in Pensacola Area (CNET Report 5700-1)
- /10 Management Services Office, NAS Whiting Field

Other noteworthy statistics derived from Exhibit 6-1 include:

- Military jobs comprise 65% of the total direct jobs, versus 35% in the civilian category.

⁴ Note some facilities do not include capital expenditure data, which may result from their inclusion under operation expenses. Since operation expenses were not available for Key West, an estimate was made based on an average of facilities of similar employment levels (i.e. Jacksonville, Mayport, and Whiting).

- Payroll expenditures comprise 55% of total direct expenditures, versus 3% on capital expenditures and 41% on operational expenditures.
- The average annual payroll per job (both civilian and military) is \$36,200, and the average annual total direct expenditure per job is \$63,500.

III. TOTAL MILITARY AIR FACILITY IMPACTS

To support the tabulation of the total military impacts in a manner consistent with that of the commercial service and general aviation airports, RIMS-II multipliers were applied to the direct aggregate military impacts.

The resulting impact estimates indicate that the combined total impact of the military air facilities totals \$6.2 billion annually. Of this total, \$3.6 million is paid in earnings to 86,305 employees. Impacts are presented by military air facility in **Exhibit 6-2**.

Exhibit 6-2			
Total Military Air Facility Impacts			
Florida Airports Economic Impact Study			
	IMPACT TOTALS		
Airport	Jobs	Earnings	Eco. Act.
Eglin AFB	22,975	\$1,226,507,000	\$1,689,242,200
Hurlburt Field AFB	3,563	153,033,800	230,116,000
MacDill AFB	11,128	439,490,800	756,582,800
Patrick AFB	7,631	299,959,300	1,578,055,300
Tyndall AFB	8,756	251,647,100	392,892,700
Jacksonville NAS	2,986	90,443,300	129,968,600
Key West NAS	2,777	84,567,700	142,403,900
Mayport NAS	1,825	52,143,200	111,416,200
Pensacola NAS	21,968	926,348,100	1,106,090,200
Whiting Fld. NAS	2,697	50,519,600	108,584,300
Homestead ARS	na	na	na
Avon AFR	na	na	na
TOTAL	86,306	\$3,574,659,900	\$6,245,352,200

na = not available

**CHAPTER 7
TOTAL AIRPORT IMPACTS IN FLORIDA**

I. APPROACH

This chapter summarizes the economic impact estimates for the 129 civilian public-use airports and the 12 major military air facilities in Florida that were analyzed in this study. Impacts are summarized to provide an overview Florida’s total civilian airport impacts. The military air facility impact totals (Chapter 6) are then added to reflect total aviation related economic impacts in Florida.

II. PUBLIC USE AIRPORT IMPACTS

Total public-use airport impacts are summarized below in **Exhibit 7-1**. The impacts are presented by impact measure: total annual economic activity, earnings, and jobs. **In summary, the 129 civilian, public-use airports generate \$50.1 billion in economic activity annually. Of this total, \$12.8 billion goes to earnings (payrolls) to 559,395 employees.**

Exhibit 7-1 Public-Use Airport Impacts Florida Airports Economic Impact Study			
	Economic Activity	Earnings	Jobs
Commercial Service			
Big 7 Commercial	\$40,619,201,400	\$9,839,407,800	434,200
Other 13 Commercial	7,187,350,900	2,318,980,100	102,070
Total 20 Commercial	\$47,806,552,300	\$12,158,387,900	536,270
General Aviation			
Sample 23 GA	\$890,100,800	\$264,421,800	9,120
Extrapolated 86 GA	1,418,836,500	415,101,500	14,005
Total 109 GA	\$2,308,937,300	\$679,523,300	23,125
Total 129 Civil Aviation Airports	\$50,115,489,600	\$12,837,911,200	559,395
source: WSA, Bureau of Economic Analysis			

The impacts associated with the commercial service airports comprise 95 percent of the total public-use airport impacts. However, average earnings per job for commercial service airports, \$22,700, are lower than the \$29,400 associated with general aviation airports.

III. PUBLIC USE AIRPORTS AND MILITARY AIR FACILITIES

When the impacts associated with the military air facilities are taken into account, **the total impact of aviation related facilities in Florida totals \$56.4 billion in economic activity annually. Of this total, \$16.4 billion is spent on earnings (payroll) for 645,700 employees.**

Public-use airport and military impacts are summarized in **Exhibit 7-2**. Public-use airports account for 87 percent of the combined job related impacts, versus 13 percent at the military facilities. Average earnings per job associated with military facilities are \$41,400, versus \$23,000 at the public-use airports. The higher average earnings impact at the military facilities reflects the highly specialized skills of the pilots and other aviation related military personnel. Average wages for the public use airports are lower because of the large number of employees that are in the services sector that are supported by visitor related expenditures.

Exhibit 7-2			
Public-Use Airport and Military Air Facility Impacts			
Florida Airports Economic Impact Study			
	Economic Activity	Earnings	Jobs
Total 129 Civil Aviation Airports	\$50,115,489,600	\$12,837,911,200	559,395
Military Air Facilities	6,245,352,200	3,574,659,900	86,305
Total Civilian & Military	\$56,360,841,800	\$16,412,571,100	645,700

source: WSA, Bureau of Economic Analysis

Commercial airports in Florida are major drivers for business and tourism. More than half of Florida’s visitors arrive each year by air. Florida’s commercial service airports serve an estimated 110 million passengers each year; and this number is expected to double within the next ten years. Florida’s commercial airports rank third nationally for the number of passengers they board each year, and the State’s commercial airports board almost 6 percent of the nation’s air cargo.

Florida’s general aviation airports support essential health, welfare, emergency and safety services. Florida is a center for training tomorrow’s commercial airline pilots, and the State’s general aviation airports are essential to supporting this activity. Florida’s general aviation airports bring an estimated 9 million visitors to the State each year. Florida’s

general aviation airports rank second nationally for the number of operations that they serve each year. Florida's airports accommodate over 7 million annual general aviation operations. Florida's airports base an estimated 4,100 general aviation aircraft; this number is over 6 percent of the nation's general aviation fleet.

Aviation in Florida accounts for over 6 percent of the State's Gross State Product, and when the nation's total aviation related economic impacts are considered, Florida captures over 5 percent of the nation's annual aviation-related economic impact activity.

Aviation in Florida contributes \$56.3 billion in annual economic activity, and it supports 645,700 jobs. These jobs have an annual payroll of \$16.4 billion. Florida expects continued growth in aviation demand that outpaces the national average. To accommodate this demand, continued local, State, and federal investment in Florida's airport system is needed. With growing demand and continued investment in Florida's public-use airport system, aviation in Florida will continue to return substantial annual economic benefits.

**D. HB 1379, Representatives Poppell, Attkisson, Glorioso, McKeel, and Seiler, 2008
Legislative Session**

1 A bill to be entitled
 2 An act relating to the tax on sales, use, and other
 3 transactions; amending s. 212.08, F.S.; providing an
 4 exemption from the use tax for an aircraft that
 5 temporarily enters the state or is temporarily in the
 6 state for certain purposes; providing criteria for proof;
 7 specifying the exemption to be in addition to certain
 8 other provisions; providing an effective date.

9

10 Be It Enacted by the Legislature of the State of Florida:

11

12 Section 1. Paragraph (ggg) is added to subsection (7) of
 13 section 212.08, Florida Statutes, to read:

14 212.08 Sales, rental, use, consumption, distribution, and
 15 storage tax; specified exemptions.--The sale at retail, the
 16 rental, the use, the consumption, the distribution, and the
 17 storage to be used or consumed in this state of the following
 18 are hereby specifically exempt from the tax imposed by this
 19 chapter.

20 (7) MISCELLANEOUS EXEMPTIONS.--Exemptions provided to any
 21 entity by this chapter do not inure to any transaction that is
 22 otherwise taxable under this chapter when payment is made by a
 23 representative or employee of the entity by any means,
 24 including, but not limited to, cash, check, or credit card, even
 25 when that representative or employee is subsequently reimbursed
 26 by the entity. In addition, exemptions provided to any entity by
 27 this subsection do not inure to any transaction that is
 28 otherwise taxable under this chapter unless the entity has

29 obtained a sales tax exemption certificate from the department
 30 or the entity obtains or provides other documentation as
 31 required by the department. Eligible purchases or leases made
 32 with such a certificate must be in strict compliance with this
 33 subsection and departmental rules, and any person who makes an
 34 exempt purchase with a certificate that is not in strict
 35 compliance with this subsection and the rules is liable for and
 36 shall pay the tax. The department may adopt rules to administer
 37 this subsection.

38 (ggg) Aircraft temporarily in the state.--

39 1. An aircraft owned by a nonresident is exempt from the
 40 use tax imposed under this chapter if the aircraft enters and
 41 remains in this state for less than a total of 21 days during
 42 the 6-month period after the date of purchase. The temporary use
 43 of the aircraft and subsequent removal from this state may be
 44 proven by invoices for fuel, tie-down, or hangar charges issued
 45 by out-of-state vendors or suppliers or similar documentation
 46 that clearly and specifically identifies the aircraft. The
 47 exemption created by this subparagraph shall be allowed in
 48 addition to the provisions contained in subparagraph 2. and s.
 49 212.05(1)(a).

50 2. An aircraft owned by a nonresident is exempt from the
 51 use tax imposed under this chapter if the aircraft enters or
 52 remains in this state exclusively for purposes of flight
 53 training, repairs, alterations, refitting, or modification. Such
 54 flight training, repairs, alterations, refitting, or
 55 modification shall be supported by written documentation issued
 56 by in-state vendors or suppliers which clearly and specifically

57 identifies the aircraft. The exemption created by this
58 subparagraph shall be allowed in addition to the provisions
59 contained in subparagraph 1. and s. 212.05(1)(a).

60 Section 2. This act shall take effect July 1, 2008.

E. Should New Aircraft Owners Avoid Florida, The Aero-News Network, Monday, May 21, 2007

An article from Aero-News.net

Urgent Should New Aircraft Owners 'Avoid Florida?'

Mon, 21 May '07

Welcome To The Sunshine State... NOT

It appears Florida's tax personnel are targeting new airplane owners in ways that do not exactly make them feel welcome to the state.

Over the course of the last few weeks, ANN has learned of a number of issues that have arisen when owners of new aircraft, generally within the first six months of the sale, have been targeted for "use tax" by agents of the state's Department of Revenue... despite the fact that the targeted aircraft were not owned or operated by state residents.



It starts like this... you buy a new or used aircraft and sign the bill of sale... which starts "the clock." It is Florida's position that for the next six months (possibly thereafter, though the burden of proof reportedly changes at that point), the state has the right to exact the requisite "Use Tax" (Sales Tax) for the fact you partook of the state's services unless you can show an equivalent Use or Sales Tax receipt from another state...

In other words, for those of you who may have bought a \$500K Cessna, Cirrus, Columbia, etc... unless you can prove that you paid the equivalent use tax in another state, you owe the state of Florida some \$30K if you visited the state in the first six months of your ownership. Mind you, if your sales/use tax bill comes from a state that exacts LESS tax than Florida, the FL Department of Revenue still expects you to pony up the difference... and if you're from a state that exacts a minimum fee (like the few hundred dollars for owners in South Carolina), they will bill you for the WHOLE difference... and its up to you to fight them on it. No kidding.

It makes NO difference to the state if you have any property in Florida, or whether you bought the airplane there, or if you have ANY business interests whatsoever in the state... If Florida catches you here and if they can find a way to stick you with a tax bill, they will.

According to the Florida Tax Code, "There shall be a presumption that any aircraft, boat, mobile home, motor vehicle, or other vehicle purchased in another state, territory of the United States, or the District of Columbia but titled, registered, or licensed in this state is taxable except as otherwise provided in subsection (26) of this rule. This presumption may be rebutted only by documentary evidence that the person owning the aircraft, boat, mobile home, or motor vehicle purchased the aircraft, boat, mobile home, or motor vehicle in another state, territory of the United States, or the District of Columbia six (6) months or more prior to the time it is brought into this state. In order for such property to be presumed exempt as purchased for use outside Florida, the person owning the aircraft, boat, mobile home, motor vehicle, or other vehicle must provide documentary proof that such property was used in other states, territories of the United



States, or the District of Columbia for six months or longer under conditions which would lawfully give rise to the taxing jurisdiction of another state, territory, or District of Columbia and any lawfully imposed tax was paid to such state, territory, or District of Columbia before being imported into this state. However, the rental or lease of any aircraft, boat, mobile home, or motor vehicle which is used or stored in this state is taxable without regard to its prior use or tax paid on the purchase outside this state."

Why? Because they can. The very liberal Florida tax code allows them to tax aircraft if they operate at any time during the first six months of a purchase in the state... and according to some interpretations, there may be some legal justification for Florida to tax you if you so much as fly OVER the state.

This problem has been known for a while but recent ramp checks by FL DOR personnel have apparently stepped up, and snagged at least one Cirrus owner and a Meridian owner who came back to Florida to undertake flight training in his new airplane. The Cirrus owner is on the hook for some \$30K in additional taxes... the Meridian owner -- well over \$100K.

Welcome to Florida, folks, please remove the knife from your back as you cross back over the state lines...

A spokesperson for the FL DOR, Rene Watters, is unapologetic for the issue, telling ANN that they are simply doing their jobs and that if anyone has a problem with that, to "take it up with the legislature." This matter, of course, can be appealed through the courts... but this route necessitates expensive and time consuming litigation, via the use of a trained tax attorney... and you may still lose, after all. Catch 22.



Other DOR staffers opine that aircraft owners have it particularly hard, since they admit that RVs and boats get a somewhat more permissive treatment from them, "...Probably due to better lobbying on the part of their industry reps."

Regardless; it's spooking a number of aircraft owners... we spoke with an avionics shop in Northern Florida that lost some business due to the concern expressed by an aircraft owner over bringing his airplane into the state shortly after he bought it, and Piper is reportedly NOT pleased about the Meridian tax bill noted above... especially at a time when the state is trying to con (uh, convince) Piper to locate the PiperJet facility within the state.

We have a feeling that Piper CEO Jim Bass may have a few things to say, as a result of these recent events, since anyone taking delivery at a Florida Piper plant may find themselves with a tax bill, even if they leave the state right away and never darken the state's borders again.

In the meantime, the recent escalation in DOR ramp inspections is getting aggressive attention from the aviation business community -- and we expect to get some feedback on the matter shortly... we'll update you as to what occurs.

**F. Florida Dept. of Revenue Threatens to Tax Shuttle Landings, The Aero-News Network,
Tuesday, April 1, 2008**

FUNNY FL Dept of Revenue Threatens To Tax Shuttle Landings

Tue, 01 Apr '08

Rumored Shuttle/747 Fly-By At Lakeland Fly-In Cancelled As A Result

ANN APRIL 1st "SPECIAL" EDITION: With increasing pressure on Florida's department of revenue over providing tax revenues for the state, the FDOR has turned to a most unlikely target for future revenue shortfalls -- NASA's Space Shuttles. "ANN, AOPA, FATA, EAA, NATA... and thousands of people were all breathing down our necks over the FL Use Tax on GA airplanes... so we've had to put the kibosh on that program until the heat dies down, but this Shuttle thing... that shows real promise," claims FDOR's Rene Watters.



As previously reported in a number of ANN's continuing investigative stories on the subject, the State of Florida thinks that if you buy a new or used aircraft and sign the bill of sale... this starts "the clock." It is Florida's position that for the next six months (possibly thereafter, though the burden of proof reportedly changes at that point), the state has the right to exact the requisite "Use Tax" (Sales Tax) for the fact you partook of the state's services unless you can show an equivalent Use or Sales Tax receipt from another state... now, in addition to a number of other possible aviation targets, the FDOR is casting its greedy eyes on America's Space Shuttle fleet.

When informed that the average Space Shuttle is well over six months old (and would therefore require the State of Florida to furnish the burden of proof to provide a solid tax assessment), FDOR's Watters had an answer for that. "Every time they fly a Shuttle, the refurbish it... which is kind of like making it new all over again... and that makes them taxable. Besides, we're being nothing but fair... we're only taxing their arrivals, not their departures, so if they get weathered out and have to land in Edwards, they get a break. Watters refused to answer our questions about whether the return of the Shuttle on top of the 747 transport vehicle eliminated its consideration for taxation... but did ask (with a gleam in her eye), just how much the combined orbiter/747 vehicles might be worth.



The burgeoning controversy over the taxation of the Shuttle program has already cost one struggling Florida event a moment of glory. A returning NASA 747/Shuttle was supposed to execute a fly-by on its return from Edwards AFB at a future SnF event, but the FDOR proposal has convinced NASA Administrator Mike Griffin to "lay low for a bit and hope the tax collectors don't notice when we're back." Griffin did take the time to put a stop to one prevalent rumor traced to none-other than SnF President John "Hot-Air" Burton, by categorically stating that, "There will be no 747/Shuttle Landings at Lakeland -- Plant City, maybe, and heck, Winter Haven would be a piece of cake -- but there are simply some things that even a Shuttle crew considers to be too dangerous."

G. Other Florida Sales and Use Tax Exemptions Related to Aircraft

Other Florida Sales and Use Tax Exemptions Related to Aircraft

Besides the exemptions to the sales and use tax described in this report, other aviation-related exemptions have also been enacted in Florida. The following three types of exemptions are provided based on the type of aircraft and whether the aircraft owner is qualified as a common carrier:

- a. For qualified aircraft, fixed-wing aircraft of more than 15,000 pounds maximum certified takeoff weight, and for rotary-wing aircraft of more than 10,000 pounds maximum certified takeoff weight, repair and maintenance labor costs are exempt from sales and use tax;¹
- b. For qualified aircraft, fixed-wing aircraft of more than 15,000 pounds maximum certified takeoff weight, and for rotary-wing aircraft of more than 10,300 pounds maximum certified takeoff weight, equipment used in aircraft repair and maintenance is exempt from sales and use tax;²
- c. For qualified aircraft and aircraft of more than 15,000 pounds maximum certified takeoff weight used by a common carrier (defined by federal regulations), sales and leases are exempt from sales and use tax.³

¹ Section 212.08(7)(ee), Florida Statute

² Section 212.08(7)(rr), Florida Statute

³ Section 212.08(7)(ss), Florida Statute

H. Cross State Comparison of Sales and Use Tax Exemptions

Cross State Comparison of Sales and Use Tax Exemptions

Several states provide different exemptions from the sales and use tax on aircraft. Stephanie Dalton-Bechard, Kraft CPAs, PLLC provided the following cross-state summary comparison of exemptions for states in the Southeast region:⁴

State	Description
Alabama	If removed from the state within three days of delivery, aircraft are not subject to use tax. Trade-in allowance is not permitted, but parts and supplies used in hub operations by air carriers are exempt. Repair and transportation services are not subject to sales or use tax.
Arkansas	The sales of both new and used aircraft are taxed, but the transaction is tax free if the total gross receipts are less than \$2,000 an aircraft purchase is exempted from sales and use tax if it is used for rentals or in charter service for one year from the time of purchase. When the aircraft is used outside of the jurisdiction, Arkansas also exempts the sale of a new aircraft manufactured or substantially completed within the state. Trade-in credit is allowed in Arkansas.
Georgia	Purchases of aircraft used principally in interstate commerce by common carriers are <i>tax-free</i> with exemption certificates. Trade-in credit is available. Resident contract and private carriers must pay tax whether or not their craft or vehicles cross the state borders. With the approval of the taxing authority, taxpayers engaged in both selling and leasing of aircraft might purchase aircraft without paying tax.
Kentucky	Replacement parts are exempt from sales tax if the aircraft is interstate property or carries passengers for hire. An aircraft will be subject to use tax if it is stored and serviced in the jurisdiction.
Louisiana	Trade-in allowances are available. Purchases or leases of airplanes, related parts, or equipment purchased by commuter airlines in Louisiana are exempt from sales and use taxes. The sales of passenger airplanes that carry over fifty persons, if manufactured or assembled in Louisiana, are not subject to sales tax. However, this exemption is only available to nonresident purchasers.
Missouri	An exemption is provided for aircraft purchased by common carriers for storage or interstate commerce. Sales to a qualified purchaser of a new four seat aircraft, four seat aircraft kits, parts or components manufactured or substantially completed within the state are exempt from sales and use taxes. In addition, trade-in allowances are permitted.
Mississippi	Aircraft used for resale or rental in the regular course of business are exempt from sales or use tax. Taxpayers purchasing an aircraft from out-of-state dealers for first use in Mississippi are liable for use tax. With the sufficient documentation, the state tax authority allows taxpayers to apply a credit for sales tax paid to the out-of-state dealer to their tax liability. Trade-in credit is also allowed in Mississippi.
South Carolina	South Carolina does not tax aircraft purchased for resale or rental. The sales tax applies to aircraft purchased for use outside the state unless the seller delivers the aircraft to customers at points outside South Carolina.
Texas	Aircraft sales to the following individuals are exempt from sales tax: certificated or licensed carriers, foreign governments or nonresidents, licensed flight instructors with a valid sales permit, students, and individuals registered in another state or nation. An aircraft hangared outside the state and used more than fifty percent of the time outside the state is not subject to the state use tax.
Virginia	Any air carrier providing scheduled air service is exempt from sales and use tax. Trade-in credit is provided.
West Virginia	Trade-in value is credited against the purchase price.

⁴ http://www.aviationinsurance.com/articles/SalesAndUseTax_Spring07.pdf