

February 2, 2016

Senator Edward Kasemeyer
Chair, Budget and Taxation Committee
Maryland Senate
3 West Wing, Miller Senate Office Building
Annapolis, MD 21401

Dear Senator Kasemeyer:

The National Business Aviation Association (NBAA) is the leading organization for companies that rely on general aviation aircraft to help make their businesses more efficient, productive and successful. The Association represents the interests of over 10,000 companies, including 111 member companies in Maryland. The purpose of this letter is to express our strong support for Senate Bill 14, and respectfully request that the Budget and Taxation Committee favorably report on the legislation.

According to a 2013 study by PricewaterhouseCoopers, nearly 11,000 workers are either directly or indirectly employed by the general aviation industry in Maryland. These employees generate an economic output of over \$1.7 billion, and the jobs are high paying, with the average aircraft mechanic or avionics technician earning nearly \$57,000 a year according to the Bureau of Labor Statistics.

While there is strong general aviation activity in Maryland, NBAA believes that passage of Senate Bill 14 will lead to increased levels of activity by exempting from the state sales and use tax parts and equipment used to repair, maintain or upgrade aircraft. For example, in Ohio when the state enacted an exemption on aircraft parts and repair services in 2008, employment in the air transportation sector grew by nearly 25% versus 2.6% for the rest of the U.S.

Surrounding states such as Pennsylvania and Ohio already have statutes in place that exempt parts and labor used in the repair of general aviation aircraft from sales and use tax. Since aircraft are highly mobile, the fact that Maryland does not offer a similar exemption makes it less competitive and causes aircraft owners to look outside the state when planning for aircraft repairs or upgrades.

The exemption proposed in Senate Bill 14 is sound tax policy and will lead to increased aircraft repair business for Maryland which will result in the creation of high paying jobs in a growing industry. With 24 FAA certified repair stations already in the state and over 2,500 active general aviation aircraft, this exemption will be a boost to the state economy.

Please contact me at (202) 783-9451 or sobrien@nbaa.org should you have additional questions or need further information.

Best Regards,



Scott O'Brien
Senior Manager, Finance & Tax Policy