



EMBRAER

February 28, 2019

The Honorable George B. Gainer
Chairman, Committee on Finance and Tax
The Florida Senate
302 Senate Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Embraer Aircraft Holding, Inc.

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Gary J. Spulak
President

Dear Senator Gainer:

On behalf of Embraer and our more than 1,200 employees in Florida, we strongly support Senate Bill 580 that would reduce the State sales and use tax on aircraft from 6 to 4 percent - making us more competitive with nearby states. Florida is surrounded by States with either lower aircraft sales tax rates, or caps on total aircraft sales tax due. For example, South Carolina has a \$500 maximum cap on aircraft sales tax, while Alabama has a 2% tax rate.

Since aircraft are highly mobile, many Embraer customers elect to complete business aircraft transactions out of state and don't have incentives to base aircraft in Florida. This results in aviation jobs and revenue leaving the state, simply because our aircraft sales tax laws are not competitive. Passage of Senate Bill 580 is an important first step to keeping aviation dollars and jobs in Florida.

According to a study by the New York State Department of Transportation, one new business aircraft moving to a state generates \$1 million in spending and five direct jobs. In addition, after New York implemented an aircraft sales tax exemption in 2015, business aircraft traffic increased by nearly 40%. Finally, in Massachusetts, the number of based aircraft significantly increased after the state implemented sales tax exemption for aircraft.

These examples demonstrate that tax policies designed to promote aviation lead to increased economic activity and job growth. Embraer has already made significant investments in Fort Lauderdale and Melbourne to support the U.S. market, and we plan to build on that as business aviation expands. For example, in 2018, we launched the new Praetor 500 and Praetor 600 business aircraft which will be the longest-range planes in their class. These aircraft are manufactured and assembled in Melbourne, Florida.

As the Committee on Finance and Tax begins to consider legislation, we respectfully request that you support Senate Bill 580 and issue a favorable recommendation to move this important legislation forward.

Sincerely,

Gary Spulak
President

Embraer Aircraft Holding Company