September 25, 2018

The Honorable Rick Snyder

Governor

111 S. Capitol Ave.

Lansing, MI 48909

Dear Governor Snyder,

Under current law (MCL 205.94k), aircraft parts that are used in the repair or maintenance of general aviation aircraft not based or registered in Michigan are exempt from the 6% state sales tax.

**This means nearly 6,000 active general aviation aircraft based in Michigan are encouraged to go to other states for repair and maintenance work because these repairs and parts are tax exempt. This tax inequality needs to be addressed and we need you to sign House Bills 4350 and 4351.**

Several of our surrounding states have concluded that even though there might be a potential loss of sales or use tax revenue, there will be an overall benefit to their State by exempting parts used in repair and maintenance. These states see benefits through increased jobs relating to services provided for aircraft located in the state for repair, storage and other purposes. Our neighboring states already exempt all general aviation repair parts and maintenance from state sales tax. We need to do the same if we want to protect aviation repair jobs in our state.

* Ohio created an exemption for repair parts and maintenance of general aviation aircraft in 2008
* Indiana repealed sales tax on aircraft repair parts and maintenance in 2013
* Pennsylvania passed exemptions in 2013
* Wisconsin enacted their sales tax exemption for aircraft repair parts and maintenance in 2013
* The State of New York was one of the most rigid states for sales and use tax on aircraft and effective September 1, 2015, New York no longer imposes sales or use tax on general aviation aircraft, including repair, parts or labor.
* In addition, California, Colorado, Connecticut, Florida, Georgia, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Missouri, New Mexico, North Dakota and Rhode Island have also exempted aircraft parts from sales tax. Oregon never had sales tax.

Unfortunately, Michigan incentivizes an aircraft owner based in Michigan to fly to a another state for maintenance and repairs to save 6%! This is ridiculous!

We ask you to please sign this legislation to enact tax policies allowing Michigan aircraft repair facilities to compete on a level playing field with businesses in neighboring states!

Thank you and please remember…***One mile of road takes you one mile; one mile of runway takes you to the world!***

Sincerely,