



**Senator Andrew O. Brenner – 19th District
Senate Ways and Means Committee
January 24th, 2023**

Senate Bill 172 – Exempt sales of manned aircraft from sales and use tax

Good afternoon, Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Senate Ways and Means Committee. Thank you for allowing me the opportunity to present testimony today in support of Senate Bill 172. This legislation seeks to keep Ohio competitive with neighboring and surrounding states by exempting the sale of manned aircraft from state and local sales and use tax. This change would be beneficial to the whole market, from manufacturers to those purchasing pre-owned aircraft, as commerce in this industry is routinely lost to states that do not apply these taxes to such sales.

Those looking to purchase manned aircraft in Ohio will find that it is generally more advantageous to close the sale outside of the state. This is because a number of states, including three of our neighbors, exempt the sale of aircraft from sales and use tax under a so-called “fly away exemption.” This exemption allows an aircraft to be flown from a state that charges sales tax, like Ohio, to a state like Indiana, Michigan, or West Virginia, where the sale could be closed without state tax. Several of these states typically then require that the aircraft be moved out of the state within a period of time after the sale is closed, hence the term “fly away.”

The benefit to those states is that their airfields and airports are earning revenue from the short-term storage, maintenance, and fueling of the aircraft that would otherwise have been sold elsewhere. Purchasers routinely utilize this option in Ohio as the cost of moving aircraft to a neighboring tax-free state, or even further like South Carolina and Kansas, can be far less than the tax exposure.

The exemption proposed in Senate Bill 172 would benefit broad regions of the state. Akron Fulton and Canton Akron airports, for example, are home to a number of aviation maintenance and brokerage firms. Another example is Cuyahoga County Airport, home of firms that provide

aircraft maintenance services, brokers, and others that specialize in remanufacturing older aircraft and selling to the general public. There are also firms in Central Ohio, in Fairfield County, that provide pre-purchase inspections for aircraft that would potentially benefit from the exemption. With the passage of this bill, all of Ohio's aviation industry would benefit from being able to sensibly close on sales at their home location rather than having to move aircraft to a neutral site.

Exempting manned aircraft from sales tax would also incentivize manufacturers to move to the state. A few months ago, Governor DeWine announced a company manufacturing electric vertical take-off and landing aircraft chose Dayton as the site of its new \$500 million production facility. The company chose to make that investment not only because Ohio is the birthplace of aviation, but because of an incentive package offered by the Department of Development and JobsOhio. By demonstrating a commitment to supporting the industry, Ohio can expand upon this momentum and move forward as an aviation leader.

Mr. Chairman, members of the committee, thank you again for affording me this opportunity to provide testimony on Senate Bill 172. I am happy to answer any questions the committee may have at this time.