

PROPOSED TAX INCREASE ON AIRCRAFT IN WASHINGTON STATE

February 24, 2010

What's at Issue

The state of Washington is considering a bill introduced by the Chairman of the Washington State House of Representatives Committee on Finance, Representative Ross Hunter (D-48th), that would dramatically increase the annual tax on aircraft linked to the state. House Bill 3176 (HB 3176) would impose an annual tax of 0.5 percent on the taxable value of the aircraft based on the most recent sales price depreciated according to a state-mandated depreciation schedule. Leaders in the local aviation community have reached out to elected officials to register their opposition to HB3176.

Why It's Important

If this bill passes, the owner of a \$10,000,000 aircraft will pay \$50,000 in new taxes each year. The current tax structure is a set fee based on the type of aircraft. The table below provides a comparison of current and proposed rates (courtesy of NBAA):

Type of aircraft	Hypothetical Value	Current Annual Registration Fee	New Proposed Annual Tax
Single-engine fixed-wing	\$70,000	\$65	\$350
Small multi-engine fixed-wing	\$150,000	\$80	\$750
Large multi-engine fixed-wing	\$500,000	\$95	\$2,500
Turboprop multi-engine fixed-wing	\$1,000,000	\$115	\$5,000
Turbojet multi-engine fixed-wing	\$5,000,000	\$140	\$25,000
Helicopter	\$3,000,000	\$90	\$15,000
Sailplane, Lighter than air, or Home built	\$50,000	\$35	\$250

Washington aircraft owners who try to avoid the tax by registering the aircraft in another state would still be liable for the tax. In addition, HB 3176 would require operators doing business in Washington to pay this tax, regardless of their base of operations. This would apply to transient aircraft that fly into Washington and operate any business in the state. The tax would be assessed for every day the aircraft is in the state. HB 3176 would also modify the distribution of aircraft registration fees, which previously credited 10% towards the state aeronautical fund and 90% to the general fund. If the bill passes, all revenue from the aircraft registration tax would go to the state's general fund.

[To view the complete text of House Bill 3176, please click here.](#) The aviation provisions are in Part X of the bill.

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What to Do

NATA is urging its members who have an interest in the state of Washington to respond to this call to action immediately! Contact the governor's office and elected representatives in the state of Washington, especially sponsors of HB3176, to voice your opposition:

[To contact Washington House of Representatives, please click here.](#)

[To contact Washington State House Committee on Finance, please click here.](#)

[To contact your Washington State Legislators, please click here.](#)

[To contact the Office of Governor Gregoire, please click here.](#)

NATA Position

NATA strongly encourages its members to be outspoken in opposition to HB 3176. The association has fought many battles on the state level in opposition to tax increases on aircraft, and won. Let's win this fight too!

Status

The Washington State House of Representatives Committee on Finance is still reviewing HB 3176. Once their review is complete, the state legislature will likely vote immediately. Time is of the essence – ACT NOW!

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