

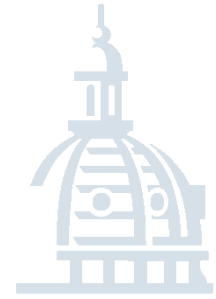


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Fiscal Note

Fiscal Services Division



HF 2069 – Aircraft Parts and Labor Sales Tax Exemption (LSB5176YH)
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Fiscal Note Version – New

Description

[House File 2069](#) expands the existing aircraft repair and maintenance sales and use tax exemption to include planes that are not used in scheduled or nonscheduled interstate Federal Aviation Administration certified air carrier operation.

Assumptions

- There are approximately 3,570 aircraft registered in Iowa, 79.0% (2,834) of which are estimated to not meet the current exemption requirement in Iowa Code section [423.3\(76\)](#).
- Aircraft repairs and upgrades are estimated to cost \$8,500 each year. Every 15 to 20 years, an aircraft may require a total engine overhaul. Some of these costs could be scheduled, but emergency repairs could not.
- An unknown number of aircraft owners may take their planes for scheduled repairs to other states that have no sales tax or already have this exemption enacted. This behavior cannot be predicted.

Fiscal Impact

[House File 2069](#) is estimated to decrease sales and use tax revenues to the General Fund, the Secure an Advanced Vision for Education (SAVE) Fund, and the Local Option Sales Tax (LOST) by the following amounts:

**HF 2069 Sales and Use Tax Revenues
(dollars in millions)**

	General Fund	SAVE	LOST
FY 2019	\$ 1.27	\$ 0.25	\$ 0.20
FY 2020	1.30	0.26	0.20
FY 2021	1.32	0.26	0.20
FY 2022	1.35	0.27	0.21
FY 2023	1.38	0.28	0.21

Source

Iowa Department of Revenue

/s/ Holly M. Lyons

February 13, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.