

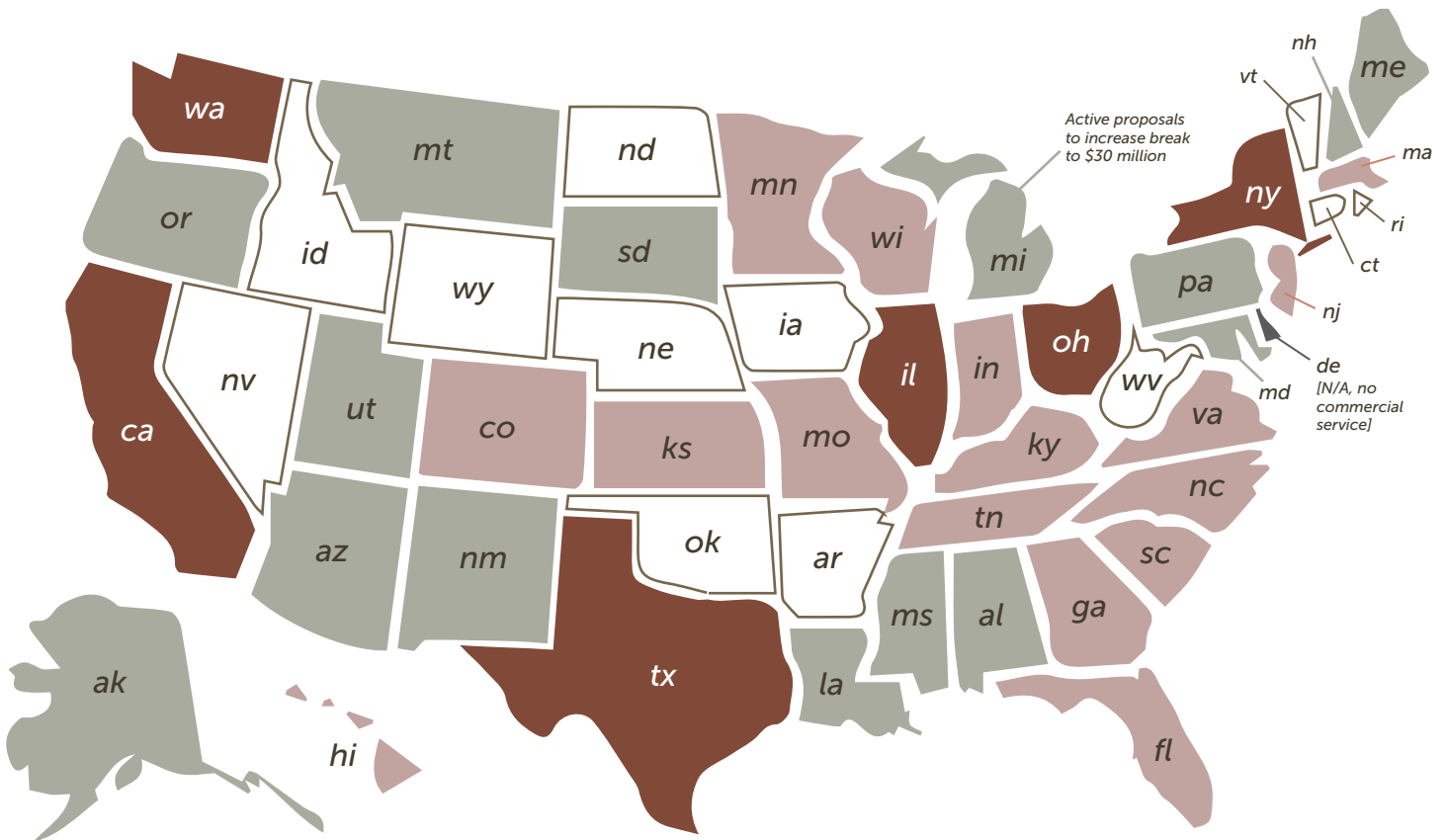


12BILLION.org

Is jet fuel burning a hole in your state budget?



Airlines get state tax breaks on over 12 billion gallons of jet fuel through obscure tax codes that cost states over \$1 billion each year.



65% of respondents to a July 2014 national opinion poll thought state jet fuel tax breaks for airlines were **fiscally irresponsible**.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$384
MILLION

estimated # of gallons for which the airlines receive a tax break:

2.260
BILLION

*If a plane goes from Los Angeles to New York, the airline pays sales tax on the Los Angeles to New York fuel. But if that plane then continues to London, the airline *doesn't pay sales tax on the Los Angeles to New York fuel.*

Int'l flights are **EXEMPT** from sales tax, **including** flights with U.S. stops.*

COST: \$310 million

Airlines are **EXEMPT** from the \$0.02 per gallon jet fuel excise tax.

COST: \$74 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.50

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.27

SOURCES:

Excise Tax Break: "CHAPTER 2.5. AIRCRAFT JET FUEL TAX," Article 1 Definitions: 7389(a) and Article 2 Imposition of Tax: 7392. <http://www.boe.ca.gov/lawguides/business/current/btlig/vol3/mvftl/mvftl-ch2-5-all.html>. Air common carriers (commercial airlines) exempt: http://www.boe.ca.gov/sptaxprog/refund/faq_jet.htm. CA rules current as of June 19, 2014.

International Fuel Tax Break: "Regulation 1621. SALES TO COMMON CARRIERS," <http://www.boe.ca.gov/lawguides/business/current/btlig/vol1/sutr/1621.html>

Cost of International Fuel Tax Break: http://www.dof.ca.gov/research/economic-financial/documents/Tax_ExpenditureRpt_13-14.pdf. Page 10: Fuel Sold to Common Carriers. Page 48: Fuel Sold to Common Carriers.

Cost of Excise Tax break: http://www.dof.ca.gov/research/economic-financial/documents/Tax_ExpenditureRpt_13-14.pdf. Page 11: Major Identifiable Tax Expenditures of \$5 Million or More, Fuel Tax: Aircraft jet fuel used by common carriers and military and Page 55: Fuel Taxes, Aircraft Jet Fuel Used by Common Carriers and Military. The military uses 10% of total jet fuel, http://palazzo.house.gov/uploadedfiles/palazzo_testimony_to_the_national_commission_on_the_structure_of_the_air_force.pdf. Commercial Airlines account for 77.8% of total jet fuel use based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics. CA Department of Finance cost estimate adjusted to reflect cost of tax break only for commercial airlines.

Number of gallons airlines get a tax break on: Email from CA Board of Equalization Business Taxes Specialist on May 29, 2014.

Jet Fuel Tax Rate: California jet fuel rates are for SFO and LAX, with 9% sales tax, <http://www.boe.ca.gov/pdf/boe95.pdf>.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year, not a \$3 gallon, and rates effective April 1, 2014, http://www.api.org/oil-and-natural-gas-overview/industry-economics/-/media/Files/Statistics/StateMotorFuel_OnePagers.pdf. Where sales tax is applicable, the API averages it out over the whole state based on population; some cities it is more, some less.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$123
MILLION

estimated # of gallons for which the airlines receive a tax break:

482
MILLION

Airlines are **EXEMPT** from the \$0.11 per gallon jet fuel excise tax.

COST: \$58 million

Airlines are **EXEMPT** from sales tax on fuel used out of state.

COST: \$65 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.38

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.29

SOURCES:

Excise Tax Break: Aircraft Fuel Tax Imposed, RCW 82.42.02 and Exemptions, RCW 82.42.030. <http://apps.leg.wa.gov/rcw/default.aspx?cite=82.42>. WA rules current as of June 19, 2014.

Fuel Used Out of State Tax Break: Exemptions – Sales of personal property for use connected with private or common carriers in interstate or foreign commerce, RCW 82.08.0261.

<http://apps.leg.wa.gov/rcw/default.aspx?cite=82.08.0261>. Email from Tax Policy Specialist, Research & Fiscal Analysis, Washington State Department of Revenue (DOR) on June 4, 2014.

Cost of Excise Tax Break: http://dor.wa.gov/docs/reports/2008/Tax_Exemptions_2008/Tax_exemptions_2008.pdf. Page 283: 82.42.030 AIRCRAFT FUEL THAT IS EXPORTED OR USED COMMERCIALY. FY2011 is the most recent state estimate.

Cost of Fuel Used Out of State Tax Break: http://dor.wa.gov/docs/reports/2012/Exemption_study_2012/2012%20Exemption%20Study%20-%20Entire%20Report.pdf. Page 187: 82.08.0261 ITEMS USED IN INTERSTATE COMMERCE. Total FY2014: \$153,129,000 for air, rail and water common carriers. The Washington Department of Revenue states that the bulk of the estimate is aviation fuel used by airlines, but does not track specifics. Energy consumption data from the Bureau of Transportation Statistics (BTS) for 2011, the most recent year available, was used to estimate what percent of the Washington state tax break for air, rail and water common carriers for fuel used out of state is for commercial airlines.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the BTS.

Jet Fuel Tax Rate: Sales tax for Seattle is 9.5% http://dor.wa.gov/Docs/forms/Excstx/LocSalUseTx/LocalSisUseFlyer_14_Q2_alpha.pdf.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$115.3
MILLION

estimated # of gallons for which the airlines receive a tax break:

832
MILLION

Airlines are **EXEMPT** from sales tax.

COST: \$64 million (up to \$220 million including local sales tax)

Airlines are **ONLY** taxed on fuel used for taxi and takeoff. **COST:** \$50 million

Airlines are **EXEMPT** from taxes if they service 4 New York cities with non-stop flights between those cities. **COST:** \$1.3 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.51

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 (Airlines pay a set fuel tax rate per takeoff)

SOURCES:

Sales Tax Break: N.Y. Tax Law Section 1115(a)(9) <http://codes.lp.findlaw.com/nycode/TAX/28/III-EXEMPTIONS/1115>

Cost of Sales Tax Break: <http://publications.budget.ny.gov/eBudget1415/fy1415ter/TaxExpenditure2014-15.pdf>, Page 102: Fuel Sold to Airlines. Local sales tax in New York City is 8.875%. 832 million gallons x \$3 x 8.875% = \$220 million.

Fuel Used Out of State Tax Break: http://www.tax.ny.gov/pdf/2005/petrol/pt104_1_202_1_505.pdf. Bottom of page 2 sets the fuel tax rate for taxi and takeoff for different types of aircraft. http://www.tax.ny.gov/pdf/2014/petrol/pt202_q214.pdf. Per gallon tax rate is \$0.073. NY rules current as of May 31, 2014. No cost estimate.

Cost of Fuel Used Out of State Tax Break: Estimate based on analysis of average taxi and takeoff fuel use for aircraft types specified in NY Form PT-104.1/202.1 compared to New Jersey flight data and airport flight data from the Bureau of Transportation Statistics (BTS).

Non-Stop Service Tax Break: http://www.tax.ny.gov/pdf/memos/petroleum/m05_2m.pdf

Cost of Non-Stop Service Tax Break: <http://publications.budget.ny.gov/eBudget1415/fy1415ter/TaxExpenditure2014-15.pdf>, Page 143: Certain Airlines.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the BTS.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$85
MILLION

estimated # of gallons for which the airlines receive a tax break:

405
MILLION

Airlines are **EXEMPT** from the sales tax.
COST: \$85 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

\$0.28



Commercial airlines buying a \$3 gallon of jet fuel:

\$0

SOURCES:
Sales Tax Break: Ohio Revised Code 5739.01(P): "In this definition, "public utility" includes a citizen of the United States holding, and required to hold, a certificate of public convenience and necessity issued under 49 U.S.C. 41102" and 5739.02(B)(42)(a). <http://codes.ohio.gov/orc/5739>. 49 U.S. Code § 41102 is "General, temporary, and charter air transportation certificates of air carriers" <http://www.law.cornell.edu/uscode/text/49/41102>. Page 15: C. Exemptions based on specified use of property or service, "Property (including fuel) used in production, transportation, or distribution of a public utility service, or used in the repair and maintenance of machinery and equipment used directly in providing a public utility service, is exempt from the sales and use tax," http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Tax_14-15.pdf. Other users of aviation fuel are subject to tax: http://www.tax.ohio.gov/excise/faqs/motor_fuel/tabid/688/Default.aspx?QuestionID=316&AFMID=9556. OH rules current as of June 19, 2014.
Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Ohio does not estimate the specific cost of the commercial airline jet fuel sales tax exemption. Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics. Sales tax rate from: [http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-\(large\).png](http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-(large).png).
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$85
MILLION

estimated # of gallons for which the airlines receive a tax break:

740
MILLION



International flights are **EXEMPT** from sales tax, **including** flights with U.S. stops.*

COST: \$72.8 million

Airlines are **EXEMPT** from state environmental fees.

COST: \$12.2 million

*If a plane just goes from Chicago to New York, the airline pays sales tax on its fuel. But if a plane goes from Chicago to New York and then on to London, the airline *doesn't pay sales tax at all, even on the Chicago to New York fuel.*

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

\$0.39



Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.33

SOURCES:

International Fuel Tax Break: <http://www.ilga.gov/commission/jcar/admincode/086/086001300C03210R.html>. IL rules current as of June 19, 2014.

Cost of International Fuel Tax Break: Page E-2: TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED: Fuel and Petroleum Products for International Flight Exemption <http://www.ioc.state.il.us/index.cfm/resources/reports/tax-expenditure/fy-2013/>. Estimate based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Environmental Fees Tax Break: <http://tax.illinois.gov/Motorfuel/MFT/environmental.htm>. Qualified air carriers exempt.

Cost of Environmental Fees Tax Break: <http://www.ioc.state.il.us/index.cfm/resources/reports/tax-expenditure/fy-2013/>. B-3: Revenue Source and Annual Receipts: Underground Storage Tank Tax: Airport Exemption.

Number of gallons airlines get a tax break on: Airlines are getting a tax break on all jet fuel for the Underground Storage Tank Tax and the Environmental Impact Fee. Number of gallons estimated using EIA and BTS data.

Jet Fuel Tax Rate: Chicago sales tax is 9.25% and Chicago fuel excise tax of \$0.05 per gallon http://www.cityofchicago.org/city/en/depts/fin/supp_info/revenue/tax_list/vehicle_fuel_tax.html

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$43.5
MILLION

estimated # of gallons for which the airlines receive a tax break:

300
MILLION



Airlines are **EXEMPT** from \$0.145 per gallon of the jet fuel excise tax after 200,000 gallons, and get a smaller tax break before 200,000 gallons.

COST: \$43.5 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

\$0.29



Commercial airlines buying a \$3 gallon of jet fuel:

\$.006-.051

SOURCES:
Excise Tax Break: http://www.revenue.state.mn.us/businesses/petroleum/Pages/Minnesota_Fuel_Excise_Rates_and_Fees.aspx. Jet fuel tax rate is \$0.15 per gallon. MN rules current as of July 1, 2014. Airlines pay the \$0.001 per gallon inspection fee. Airline Exemption: 296A.17 AVIATION REFUND: <https://www.revisor.mn.gov/statutes/?id=296A.17>. Airlines pay Flight Property Tax, which exempts them from the jet fuel per gallon tax: http://www.revenue.state.mn.us/Forms_and_Instructions/af_inst.pdf
Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Email from Minnesota Department of Revenue, Revenue Tax Specialist on June 13, 2014. The MN Department of Revenue estimates 300,000,000 gallons are purchased and eligible for the graduated refund, worth \$43.5 million in tax credits.
Jet Fuel Tax Rate: Airlines receive a graduated tax refund up to \$0.145 per gallon of the \$0.15 per gallon tax after 200,000 gallons, and pay the \$0.001 per gallon inspection fee.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$42
MILLION

estimated # of gallons for which the airlines receive a tax break:

1.1
BILLION



Airlines are **ONLY** taxed on fuel used for taxi and takeoff. The rest of the tank is tax free.

COST: \$42 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

\$0.15



Commercial airlines buying a \$3 gallon of jet fuel:

\$0 (Airlines pay a set fuel tax rate per takeoff)

SOURCES:
Excise Tax Break: N.J.A.C. 18:18A-2.1: Petroleum Products Gross receipts is \$0.04 per gallon. N.J.A.C. 18:18A-6.3: Sets numbers of taxable gallons for taxi and takeoff for different aircraft types. NJ rules current as of June 19, 2014.
Cost of Excise Tax Break: Estimate based on analysis of average taxi and takeoff fuel use for aircraft types specified in N.J.A.C. 18:18A-6.3 for flights departing from Newark International Airport in a 24-hour period and airport flight data from the Bureau of Transportation Statistics (BTS).
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the BTS.
Gasoline Tax Rate: Estimates from the American Petroleum Institute based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$35
MILLION

estimated # of gallons for which the airlines receive a tax break:

969
MILLION

Airlines get a **REFUND** on the jet fuel per gallon excise tax determined by the number of employees based in Florida.

COST: \$11 million

Int'l flights are **EXEMPT** from the jet fuel per gallon excise taxes.

COST: \$24 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.36

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.0897

SOURCES:

Excise Tax Break: http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0200-0299/0206/Sections/0206.9855.html.

International Fuel Tax Break: Email from Florida Department of Revenue Motor Fuel Tax Compliance Coordinator on April 29, 2014. FL rules current as of June 19, 2014.

Cost of Excise Tax Break: <http://www.dot.state.fl.us/officeofcomptroller/pdf/GAO/RevManagement/Tax%20Primer%202014%20JAN.pdf>. Page 4: Figure 3 - Florida's Transportation Tax Sources, "Airline in-state wage refunds."

Cost of International Fuel Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines pay the \$0.069 per gallon jet fuel excise tax but are eligible for a refund determined by the number of employees based in Florida.

<http://www.dot.state.fl.us/officeofcomptroller/pdf/GAO/RevManagement/Tax%20Primer%202014%20JAN.pdf>. Page 4: Figure 3 - Florida's Transportation Tax Sources. Airlines also pay the \$0.02068 cumulative pollutants tax rate when the relevant state funds need more funding. These fees are the Coastal Protection, Inland Protection and Water Quality Taxes, which equal \$0.08968. https://revenue.law.state.fl.us/LawLibrary/Documents/2013/12/TIP-117842_TIP%2013B05-01%20Fuel%20Tax%20Rates%202014%20-%20TIP%20and%20CHART%20FINAL.pdf.

International flights are tax exempt.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$28.7
MILLION

estimated # of gallons for which the airlines receive a tax break:

261
MILLION

Airlines are **EXEMPT** from the sales tax after \$1 million each year.

COST: \$28.7 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.33

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.18

SOURCES:
Sales Tax Break: <http://www.lrc.ky.gov/Statutes/statute.aspx?id=29276>. KY rules current as of August 14, 2014.
Cost of Sales Tax Break: http://www.osbd.ky.gov/NR/rdonlyres/8B8952FB-0453-4B5B-9947-B55BCCFFD719/0/2014_TaxExpenditure_Doc.pdf, Page 141: Jet Fuel
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.
Jet Fuel Tax Rate: Kentucky sales tax is 6%. [http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-\(large\).png](http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-(large).png)
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$27
MILLION

estimated # of gallons for which the airlines receive a tax break:

341
MILLION

Airlines are **EXEMPT** from 25% of state sales tax and some local sales taxes.

COST: \$27 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.27

Commercial airlines buying a \$3 gallon of jet fuel:

\$0.15

SOURCES:

Sales Tax Break: Georgia Code § 48-8-3 (33.1)(A). GA rules current as of August 12, 2014.

Cost of Sales Tax Break: <http://www.open.georgia.gov/reports/GeorgiaTaxExpenditures2014.pdf>, Page 107: Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport.

Number of gallons airlines get a tax break on: Estimate based on jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics. 2012 EIA numbers were used because the 2013 data is an outlier from the previous past 5 years of state jet fuel use .

Jet Fuel Tax Rate: <https://etax.dor.ga.gov/salestax/st3forms/ST-3-2014.pdf>. For ATL: Airlines pay state sales tax rate of 3% and Clayton County rate of 2%.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$25.4
MILLION

estimated # of gallons for which the airlines receive a tax break:

162
MILLION

International and interstate flights **EXEMPT** from Hawaii sales tax (the General Excise Tax or GET), and the \$0.02 per gallon license tax.

COST: \$22.2 million GET exemption

COST: \$3.2 million license tax exemption

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.48

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.155

SOURCES:
International and Interstate Tax Break: <http://tax.hawaii.gov/geninfo/get/>. The sale of jet fuel in Hawaii is subject to the 4% general excise tax (GET), 4.5% if on Oahu, where Honolulu International Airport is. Airline interstate and international flight exemption: <http://law.justia.com/codes/hawaii/2013/title-13/chapter-212/section-212-8>. Interstate and international flights are also exempt from the \$0.02 per gallon fuel license tax, §243-4 License taxes (2) and §243-7 (a): http://files.hawaii.gov/tax/legal/hrs/hrs_243.pdf. HI rules current as of June 19, 2014.
Cost of International and Interstate Tax Breaks and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel sales to end users data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics. Estimates are for American Airlines, Delta Air Lines, and United Airlines.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ 25.2 MILLION

estimated # of gallons for which the airlines receive a tax break:

538 MILLION

Airlines are **EXEMPT** from \$0.045 per gallon of the jet fuel excise tax after 100,000 gallons.

COST: \$24.2 million

Int'l flights are **EXEMPT** from the jet fuel per gallon excise tax.

COST: \$1 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ 0.17

Commercial airlines buying a \$3 gallon of jet fuel:

\$.002-.052

SOURCES:

Excise and International Fuel Tax Break: Section E: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-2217>. VA rules current as of August 12, 2014.

Cost of Excise Tax Break, Cost of International Fuel Tax Break, and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines are exempt from \$0.045 per gallon of the \$0.05 per gallon jet fuel excise tax after 100,000 gallons. There is also a \$0.002 per gallon underground storage tank fee.

UST Financial Responsibility Frequently Asked Questions (FAQs), <http://www.deq.virginia.gov/Programs/LandProtectionRevitalization/PetroleumProgram/GuidanceRegulations.aspx>.

International flights exempt from the jet fuel excise tax.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ 25.1
MILLION

estimated # of gallons for which the airlines receive a tax break:

252
MILLION



Airlines are **EXEMPT** from the \$0.10 per gallon jet fuel excise tax.

COST: \$25.1 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.42

Commercial airlines buying a \$3 gallon of jet fuel:

\$0.01

SOURCES:

Excise Tax Break: <http://www.in.gov/dor/files/cd49.pdf>. Common carriers (commercial airlines) are exempt from the \$0.10 per gallon tax. IN rules current as of August 6, 2014.

Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines pay the \$0.01 per gallon inspection fee. IC 16-44-2-18: Inspection fees; surety bonds; failure to pay tax; penalty and interest.

https://iga.in.gov/static-documents/B/2/b/e/82be7d97/TITLE16_AR44_ar44.pdf.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$21.4
MILLION

estimated # of gallons for which the airlines receive a tax break:

100
MILLION

Airlines are **EXEMPT** from sales tax after \$1.5 million each year and from sales tax at federally funded airports.

COST: \$21.1 million

Airlines are **EXEMPT** from the \$0.0025 per gallon transport load fee.

COST: \$250,000

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.17

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.23

SOURCES:

Sales Tax Break: <http://www.moga.mo.gov/statutes/C100-199/1440000805.HTM> and <http://www.moga.mo.gov/statutes/C100-199/1440000809.HTM>.

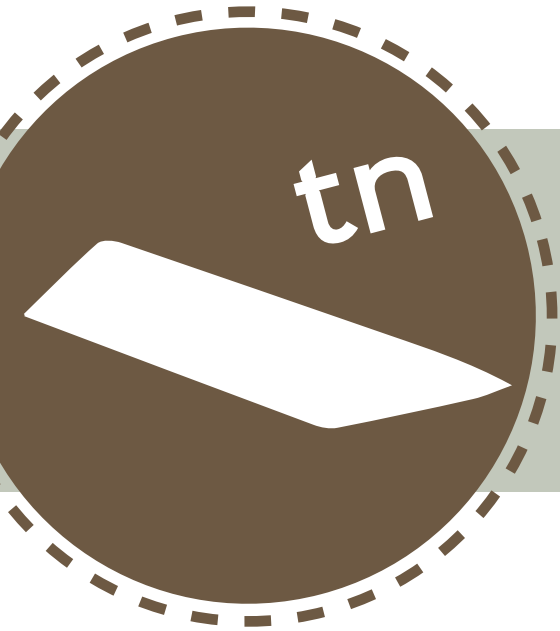
Transport Load Fee Tax Break: Transport load fee is \$20 per 8000 gallons (\$0.0025 per gallon), <http://pstif.org/about.shtml>. Airlines are exempt: <http://www.sos.mo.gov/adrules/csr/current/10csr/10c100-3.pdf>. MO rules current as of August 28, 2013.

Cost of Sales Tax Break, Cost of Transport Load Fee Tax Break, and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Missouri combined state and average local sales tax is 7.58%. Airlines pay \$0.0005 per gallon inspection fee = \$0.2279 per gallon total.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$16.5
MILLION

estimated # of gallons for which the airlines receive a tax break:

123
MILLION

Int'l flights are **EXEMPT** from sales tax.

COST: \$16.5 million

Airlines are **EXEMPT** from \$0.0135 of the special privilege tax and the environmental assurance fee for fuel used out of state. **COST:** Unknown

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.21

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.149

SOURCES:

International Fuel Tax Break: <https://www.tn.gov/revenue/taxguides/salesanduse.pdf>. Page 7: Aviation fuel actually used in the operation of aircraft motors is taxed at 4.5%. Page 37: Exemptions for Tennessee Sales for Out-of-State Consumer Use. TN rules current as of June 19, 2014.

Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Environmental Assurance Fee and Special Privilege Tax Break: Airlines pay \$0.0005 export tax for fuel burned out of state, T.C.A. 67-3-205 Export tax and T.C.A. 67-3-412. Refunds – exports (c) <http://www.tn.gov/sos/acts/100/pub/Pub0316.HTM>. T.C.A. 67-3-203. Special privilege tax: For fuel burned in state, airlines pay a \$0.01 per gallon special privilege tax and a \$0.004 per gallon environmental assurance fee, 68-215-110 (h) (1): <http://law.justia.com/codes/tennessee/2010/title-68/chapter-215/part-1/68-215-110>. \$0.014 - \$0.0005 = \$0.0135 discount. No estimate.

Jet Fuel Tax Rate: Airlines pay 4.5% sales tax plus \$0.0005 export tax for fuel burned out of state. For fuel burned in state, airlines pay a \$0.01 per gallon special privilege tax and a \$0.004 per gallon environmental assurance fee. International flights are tax exempt.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **13.6**
MILLION

estimated # of gallons for which the airlines receive a tax break:

62
MILLION

Airlines are **EXEMPT** from the sales tax.
COST: \$13.6 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.17**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.0075**

SOURCES:

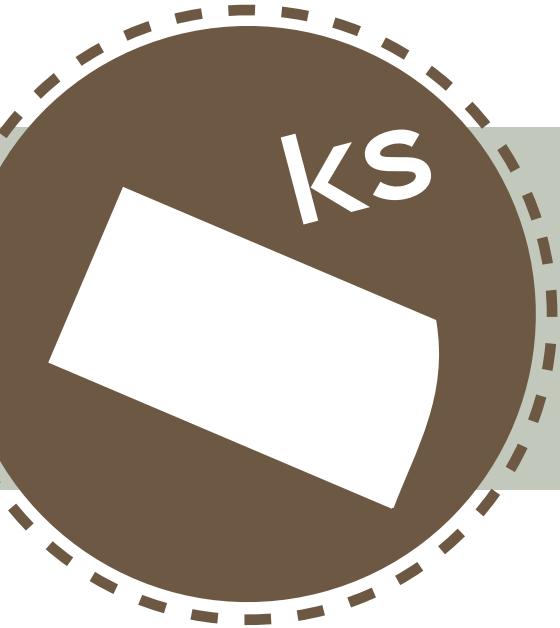
Sales Tax Break: <http://www.scstatehouse.gov/code/t12c036.php>, Section 12-36-2120(9)(d). This exemption is clarified by SC Revenue Ruling # 97-12: <http://www.sctax.org/NR/rdonlyres/6928E371-210B-4635-A89F-A99F4286998F/0/RR9712.pdf>, Page 3: "sales of jet fuel to other than transportation companies are subject to the sales and use taxes." Jet fuel is also exempt from the state motor fuel taxes. SECTION 12-28-110. Definitions. (15) "Diesel fuel" does not include jet fuel. <http://www.scstatehouse.gov/code/t12c028.php>. The unannotated South Carolina Code on the General Assembly's website is now current through the 2013 session.

Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines pay the \$0.0025 per gallon inspection fee and the \$0.005 per gallon environmental impact fee. SECTION 12-28-2355. Inspection and environmental impact fee charged on petroleum products. <http://www.scstatehouse.gov/code/t12c028.php>

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **13.2**
MILLION

estimated # of gallons for which the airlines receive a tax break:

54
MILLION



Airlines are **EXEMPT** from the sales tax.
COST: \$13.2 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.24**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0**

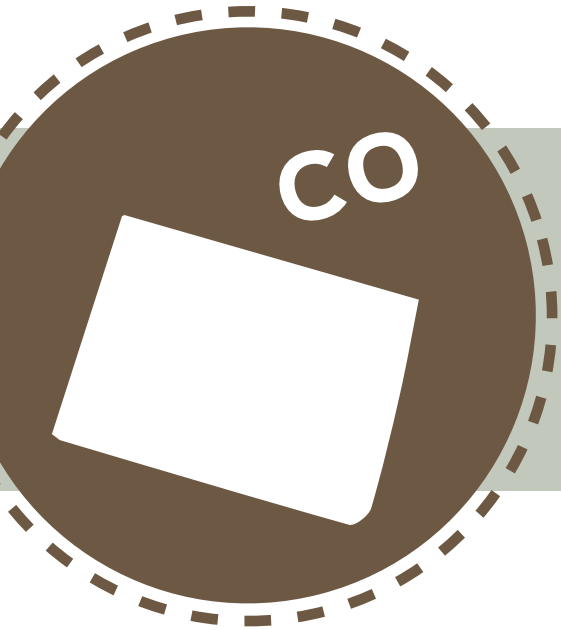
SOURCES:

Sales Tax Break: <http://www.ksrevenue.org/taxnotices/notice09-06.pdf>. KS rules current as of June 19, 2014.

Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **12.3**
MILLION

estimated # of gallons for which the airlines receive a tax break:

308
MILLION

Airlines are **EXEMPT** from the \$0.04 per gallon jet fuel excise tax.

COST: \$12.3 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.22**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.127**

SOURCES:

Excise Tax Break: http://www.coloradodot.info/programs/aeronautics/PDF_Files/WhitePaper_2012.pdf, Page 2: Colorado Aviation Taxes. CO rules current as of June 19, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on:

<http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251927473931&ssbinary=true>, Page 72: State Motor Fuel Gallons and Receipts. Gross jet fuel gallons: 395,722,132. The state provides a number for exempt jet fuel gallons, which could include exempt government and military use in addition to commercial airline use. This estimate instead applies the average commercial airline fuel use percentage to the total Colorado gross jet fuel gallons figure reported by the state. Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$10.9
MILLION

estimated # of gallons for which the airlines receive a tax break:

69
MILLION



Int'l flights are **EXEMPT** from the \$0.158 per gallon jet fuel excise tax.

COST: \$10.9 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.27

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.158

SOURCES:

International Fuel Excise Tax Break: <http://www.mass.gov/dor/businesses/help-and-resources/legal-library/regulations/64a-64c-64e-64f-64g-64j-94e-270-misc-excises/830-cmr-64j41-general-application-of-the.html>. (6) Tax Exempt Sales. MA rules current as of July 1, 2014.

Cost of International Fuel Tax Break and Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: <http://www.mass.gov/dor/docs/dor/business/taxguide/fuels/fuelsratecurr.pdf> Jet fuel rate is \$0.158 per gallon as of July 1, 2014. <http://www.mass.gov/dor/businesses/help-and-resources/legal-library/administrative-procedures/ap-113-jet-fuel-tax.html>. Boston is one of the localities to enact the tax.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$10.6
MILLION

estimated # of gallons for which the airlines receive a tax break:

48
MILLION

Airlines are **EXEMPT** from sales tax.
COST: \$7.1 million

Airlines are **EXEMPT** from the \$0.06 per gallon jet fuel excise tax. **COST:** \$2.9 million

Airlines are **EXEMPT** from the \$0.02 per gallon petroleum inspection fee after 1 million gallons each month. **COST:** \$640,000

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.33

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.02

SOURCES:

Sales Tax Break: [https://docs.legis.wisconsin.gov/statutes/statutes/77/11/54/5/a_77.54_\(5\)_a](https://docs.legis.wisconsin.gov/statutes/statutes/77/11/54/5/a_77.54_(5)_a), jet fuel exempt for airlines for interstate flights. WI rules current as of June 4, 2014.

Excise Tax Break: <https://docs.legis.wisconsin.gov/statutes/statutes/78/11/62>. 78.62 Airlines exempt from \$.06 per gallon tax.

Petroleum Inspection Fee Tax Break: <http://www.revenue.wi.gov/faqs/ise/pifee.html#pi10>. Airlines pay \$.02 per gallon petroleum inspection fee for the first 1 million gallons each month, or 12 million gallons annually.

Cost of Sales Tax Break, Excise Tax Break, Petroleum Inspection Fee Tax Break, and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines pay \$0, except for the \$.02 per gallon petroleum inspection fee for the first 1 million gallons each month.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$10
MILLION

estimated # of gallons for which the airlines receive a tax break:

309
MILLION

Airlines are **EXEMPT** from sales tax after \$2.5 million each year.

COST: \$10 million

This tax break expires on January 1, 2016.

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.37

Commercial airlines buying a \$3 gallon of jet fuel:

\$.0025 - .2095

SOURCES:

Sales Tax Break and Cost of Sales Tax Break: http://www.dor.state.nc.us/publications/nc_tax_expenditure_report_13.pdf, Page 103. NC rules current as of March 23, 2014.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: North Carolina combined state and average local sales tax is 6.9%. Inspection fee is \$0.0025 per gallon, total = \$0.2095. http://www.dornc.com/downloads/gas1288_inst.pdf

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$7.9 MILLION

estimated # of gallons for which the airlines receive a tax break:

103 MILLION



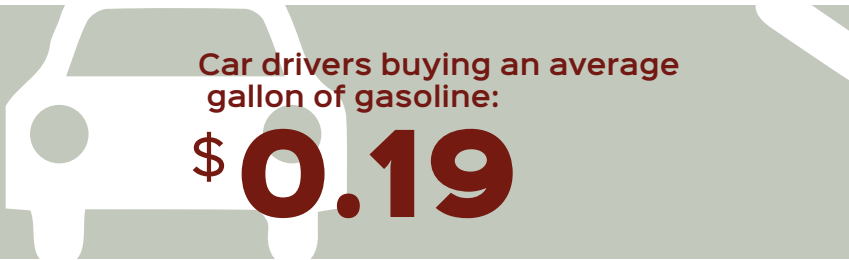
Airlines **EXEMPT** from the state \$0.0305 per gallon jet fuel excise tax after 10 million gallons.

COST: \$6.2 million

Int'l flights are **EXEMPT** from jet fuel per gallon excise taxes when immediate destination is foreign.

COST: \$1.7 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

\$0.19



Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.04087

SOURCES:
Excise Tax Break: <http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/42/05352.htm&Title=42&DocType=ARS>
International Fuel Tax Break: <http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/42/05354.htm&Title=42&DocType=ARS>
Cost of Excise Tax Break: <http://www.azdor.gov/LinkClick.asp?fileticket=kofgps-m-nl%3d&tabid=108&mid=492>, Page 63. "Summary of Jet fuel Excise and Use Tax Expenditures."
Cost of International Fuel Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Jet Fuel Tax Rate: Flying out of Phoenix, airlines pay \$0.03355 combined state and Maricopa County Jet Fuel Use Tax and \$0.00732 Phoenix tax. State and Maricopa County: http://modelcitytaxcode.az.gov/Tax_rate/PDF/201403.pdf. Phoenix: <http://www.codepublishing.com/az/phoenix/frameless/index.pl?path=../html/Phoenix14/Phoenix14422.html>. AZ rules current as of March 19, 2014.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **4.9**
MILLION

estimated # of gallons for which the airlines receive a tax break:

152
MILLION



Int'l flights **EXEMPT** from the \$0.032 per gallon jet fuel excise tax when immediate desination is foreign, or when continuing from a foreign origin and refueling in Alaska.
COST: \$4.9 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

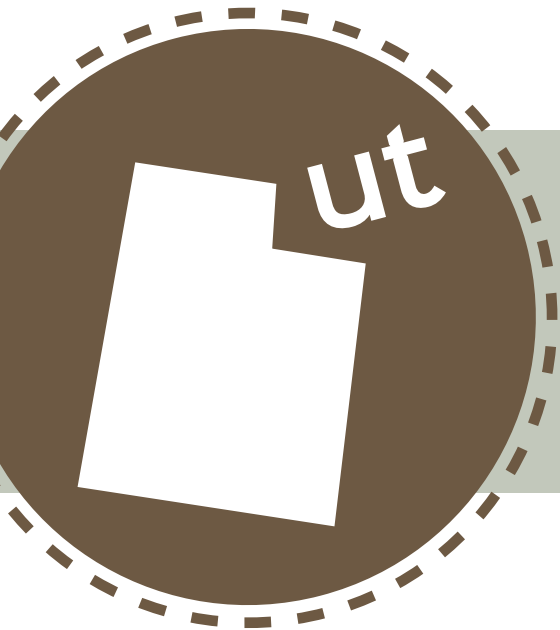
\$ **0.12**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0 - 0.032**

SOURCES:
International Fuel Tax Break: <http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?204s>. Sec. 43.40.100.
Cost of International Fuel Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel sales to end users data and from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Jet Fuel Tax Rate: <http://www.tax.alaska.gov/programs/programs/help/faq/faq.aspx?60210>. AK rules current as of June 20, 2014.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **4.8**
MILLION

estimated # of gallons for which the airlines receive a tax break:

73
MILLION

Airlines are **EXEMPT** from \$0.065 per gallon of the state jet fuel excise tax.

COST: \$4.8 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.25**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.025 - 0.04**

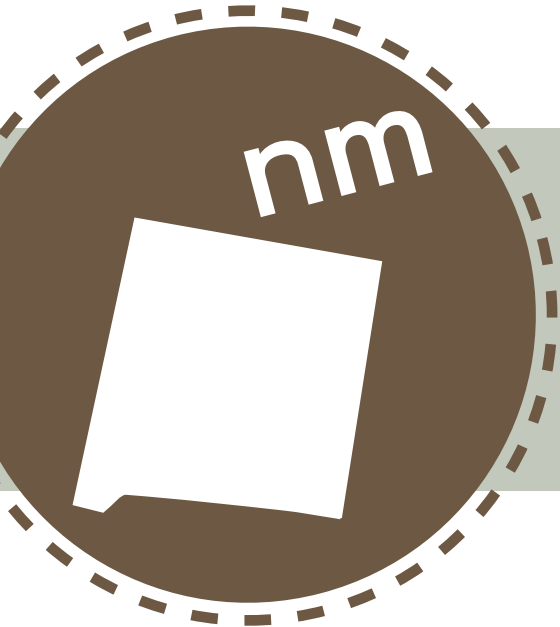
SOURCES:

Excise Tax Break: http://le.utah.gov/code/TITLE59/htm/59_13_040100.htm. UT rules current as of June 20, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel sales to end users data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **4.6**
MILLION

estimated # of gallons for which the airlines receive a tax break:

33
MILLION

There is a **55%** sales tax break on **ALL** jet fuel sales. This tax break changes to **40%** in 2017.

COST: \$4.6 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.19**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.12**

SOURCES:
Sales Tax Break: <http://www.tax.newmexico.gov/uploads/files/Reports/2013%20Tax%20Expenditure%20Report%20TRD%202013-11-12%20final.pdf>. Page 33: Jet Fuel Deduction. NM rules current as of June 20, 2014.
Cost of Sales Tax Break: <http://www.tax.newmexico.gov/uploads/files/Reports/2013%20Tax%20Expenditure%20Report%20TRD%202013-11-12%20final.pdf>. Page 34: For 2012: \$5.9 million. This tax break is for all jet fuel users, not just commercial airlines. To estimate the cost of the tax break to airlines, averages based on data from the Energy Information Administration (EIA) and the Bureau of Transportation Statistics (BTS) were used.
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data and jet fuel prices from the EIA and commercial airline fuel use data from the BTS.
Jet Fuel Tax Rate: There is a 55% discount on the sales tax for jet fuel. The combined state and average local sales tax is 7.26%.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **4.2**
MILLION

estimated # of gallons for which the airlines receive a tax break:

60
MILLION

Airlines are **EXEMPT** from \$0.07 per gallon jet fuel excise tax.

COST: \$4.2 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.27**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.0007**

SOURCES:
Excise Tax Break: <http://law.justia.com/codes/maryland/2005/gtg/9-303.html>. Jet fuel rate: http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/Tax_Information/Motor_Fuel_Tax_Rates/MFT_RatesPerGallon_7-1-2014.pdf. MD rules current as of July 1, 2014.
Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Jet Fuel Tax Rate: Airlines pay the \$0.0007 per gallon oil transfer fee, <http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?pid=&tab=subject5&stab=&ys=2014RS&article=gen§ion=4-411&ext=html&session=2014RS>
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **3.6**
MILLION

estimated # of gallons for which the airlines receive a tax break:

20
MILLION

Airlines are **EXEMPT** from \$0.179 per gallon of the jet fuel excise tax.

COST: \$3.6 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.22**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.06**

SOURCES:

Excise Tax Break: Jet fuel tax rate is \$0.04 per gallon and \$0.219 for non-commercial users. <http://sddot.com/resources/fueltax/Default.aspx>. SD rules current as of June 20, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Jet Fuel Tax Rate: http://dor.sd.gov/Motor_Vehicles/Motor_Fuel/Motor_Fuel_Tax_Rates.aspx Airlines pay \$0.04 per gallon jet fuel tax plus \$0.02 per gallon Tank Inspection Fee.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **3.2**
MILLION

estimated # of gallons for which the airlines receive a tax break:

206
MILLION

Airlines are **EXEMPT** from half of the \$0.03 per gallon jet fuel excise tax.

COST: \$3.2 million

Proposals to increase the tax break to up to \$30 million are pending.

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.42**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.2038**

SOURCES:

Excise Tax Break: http://www.michigan.gov/documents/treasury/ExecutiveBudgetAppendixOnTaxCreditsDeductionsAndExempts_FY_2013and2014_394614_7.pdf. Page 63: Interstate Flight Refund. MI rules current as of June 20, 2014.

Cost of Excise Tax Break: http://www.michigan.gov/documents/treasury/ExecutiveBudgetAppendixOnTaxCreditsDeductionsAndExempts_FY_2013and2014_394614_7.pdf. Page 63: Interstate Flight Refund.

Cost of New Tax Break Proposals: "If new law passes the net impact would reduce total State and local tax revenue by between \$22.3 million and \$30.4 million per year."

<http://www.legislature.mi.gov/documents/2013-2014/billanalysis/Senate/pdf/2013-SFA-4571-F.pdf>

Number of gallons airlines get a tax break on: <http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2013-HLA-4571-483C248F.pdf>. Page 4: Taxable aviation fuel purchased in Michigan averaged 264.7 million gallons over the five-year period FY 2007-08 through FY 2011-12. Percent of total taxable aviation fuel used by commercial airlines in Michigan estimated based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.

Jet Fuel Tax Rate: Airlines pay 6% sales tax, \$0.015 per gallon of the \$0.03 per gallon excise tax, and \$0.00875 per gallon UST fee = \$0.20375 per gallon.

[https://www.legislature.mi.gov/\(S\(31kxcq55jhzeibvc1xjkgj\)\)mleg.aspx?page=getobject&objectName=mcl-324-21508](https://www.legislature.mi.gov/(S(31kxcq55jhzeibvc1xjkgj))mleg.aspx?page=getobject&objectName=mcl-324-21508)

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **1.6**
MILLION

estimated # of gallons for which the airlines receive a tax break:

80
MILLION

Int'l flights are **EXEMPT** from the \$0.02 per gallon jet fuel excise tax when the immediate destination is foreign.

COST: \$1.6 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.42**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0 - 0.031**

SOURCES:

Excise Tax Break: <http://www.pabulletin.com/secure/data/vol43/43-50/2336.html>. Email from PA Department of Revenue Counsel on May 2, 2014. PA rules current as of June 20, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Jet Fuel Tax Rate: Aviation fuel UST fee is \$0.011 per gallon, http://www.portal.state.pa.us/portal/server.pt/community/offices___organizational_charts/9304/fees/606703

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.36**
MILLION

estimated # of gallons for which the airlines receive a tax break:

12
MILLION

Int'l flights are **EXEMPT** from the \$0.034 per gallon jet fuel excise tax when the immediate destination is foreign.

COST: \$0.36 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.30**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0 - 0.041**

SOURCES:
Excise Tax Break: <http://www.mainelegislature.org/legis/statutes/36/title36sec2903.html>. ME rules current as of June 20, 2014.
Cost of Excise Tax Break: http://www.maine.gov/revenue/research/tax_expenditure_report_13.pdf. Page 205; 2.134 Excise Tax Exemption on Jet or Turbojet Fuel.
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Jet Fuel Tax Rate: In addition to the \$0.034 per gallon jet fuel excise tax, airlines pay \$0.0067 per gallon oil in conveyance fees.
<http://www.maine.gov/dep/waste/oilconveyance/documents/fee%20table%201994-2014.pdf>
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.29**
MILLION

estimated # of gallons for which the airlines receive a tax break:

5
MILLION

Int'l flights are **EXEMPT** from the \$0.0525 per gallon jet fuel excise tax.

COST: \$0.29 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.18**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0 - 0.0565**

SOURCES:

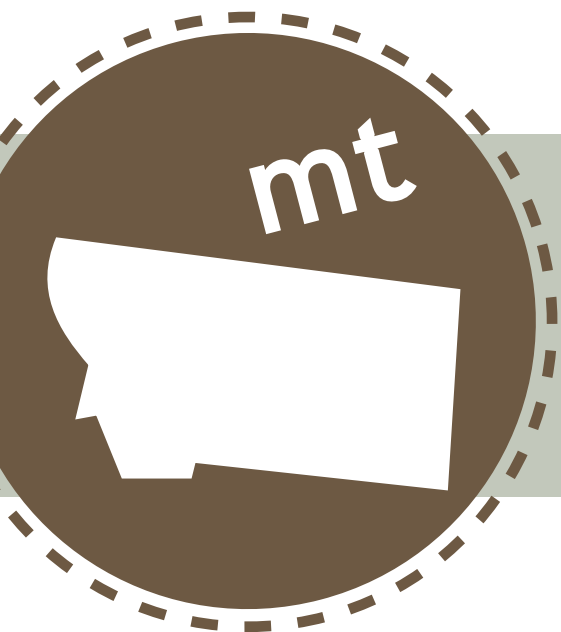
Excise Tax Break: <http://law.justia.com/codes/mississippi/2013/title-27/chapter-55/article-7/section-27-55-527>. MS rules current as of June 20, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel sales to end users data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Jet Fuel Tax Rate: <http://www.dor.ms.gov/info/faqs/GasolineandPetroleumFAQs.html>. The \$0.004 per gallon environmental fee will be reinstated on August 1, 2014 in addition to the \$0.0525 per gallon excise tax, http://www.dor.ms.gov/docs/petrol_noticeEPFreinstatement_080114.pdf.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.22**
MILLION

estimated # of gallons for which the airlines receive a tax break:

19
MILLION

Airlines are **EXEMPT** from \$0.02 per gallon of the jet fuel excise tax.

COST: \$0.22 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.28**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.0275**

SOURCES:

Excise Tax Break: <http://leg.mt.gov/bills/mca/15/70/15-70-221.htm>. 15-70-221. Refund or credit authorized (5). MT rules current as of June 20, 2014.

Cost of Excise Tax Break: Airline Rebate Worksheet for 2013, emailed on June 5, 2014 from Montana Department of Transportation.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel sales to end users data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Jet Fuel Tax Rate: <http://www.mdt.mt.gov/business/fueltax/faq.shtml>. General aviation fuel tax rate is \$0.04 per gallon, airlines only pay \$0.02. Airlines also pay \$0.0075 per gallon Petroleum Storage Cleanup Fee <http://www.mdt.mt.gov/business/fueltax/faq.shtml>.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.16**
MILLION

estimated # of gallons for which the airlines receive a tax break:

10
MILLION

Airlines are **EXEMPT** from \$0.015 per gallon of the jet fuel excise tax (called an airway toll).

COST: \$0.16 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

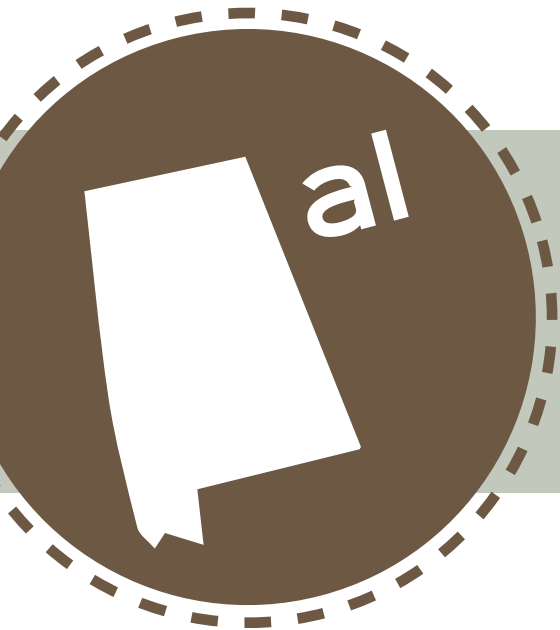
\$ **0.24**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0.00625**

SOURCES:
Excise Tax Break: <http://www.nh.gov/safety/divisions/administration/roadtoll/>. Road Toll and Environmental Fees (Per Gallon). Commercial airlines are Part 121 users, and pay \$0.00625 total per gallon, \$0.015 less than private users who pay \$0.02125 per gallon. NH rules current as of June 20, 2014.
Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.16**
MILLION

estimated # of gallons for which the airlines receive a tax break:

4
MILLION

Airlines with a hub operation are **EXEMPT** from the \$0.035 per gallon jet fuel excise tax.

COST: \$0.16 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.21**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **.00025 - .04525**

SOURCES:

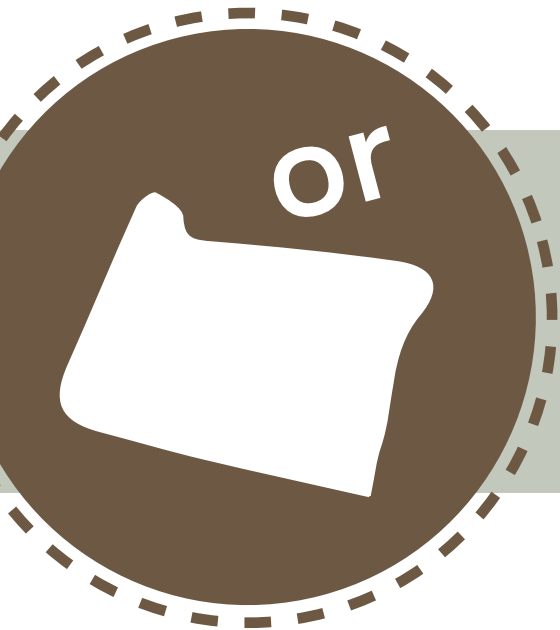
Excise Tax Break: <http://alisondb.legislature.state.al.us/acas/CodeOfAlabama/1975/40-17-329.htm>. Section 40-17-329 (g). AL rules current as of June 20, 2014.

Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS). Airline flight schedules for Birmingham-Shuttlesworth International Airport from the week of June 15, 2014 used to determine which airlines may be considered to have a hub operation as defined in Section 40-17-329.

Jet Fuel Tax Rate: Jet fuel excise tax is \$0.035 per gallon <http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/40-17-325.htm>. There is also a \$0.00025 inspection fee <http://alisondb.legislature.state.al.us/acas/CodeOfAlabama/1975/8-17-87.htm>

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$ **.1**
MILLION

estimated # of gallons for which the airlines receive a tax break:

50
MILLION

Int'l flights are **EXEMPT** from the \$0.01 per gallon jet fuel excise tax when the immediate destination is foreign
COST: \$0.1 million

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$ **0.31**

Commercial airlines buying a \$3 gallon of jet fuel:

\$ **0 - 0.01**

SOURCES:
International Fuel Tax Break and Cost Estimate: http://www.oregon.gov/dor/STATS/docs/ExpR13-15/tax-expenditure-report_2013-15.pdf. Page 337: 3.003 FUEL FOR AIRCRAFT DEPARTING U.S. OR rules current as of May 15, 2014.
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).
Jet Fuel Tax Rate: <http://www.oregon.gov/dor/STATS/docs/ExpR09-11/Chapter3.pdf>. Page 328.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

No
ESTIMATE

estimated # of gallons for which the airlines receive a tax break:

248
MILLION

Airlines are **EXEMPT** from sales tax on fuel used out of state.

COST: UNKNOWN

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.20

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.27

SOURCES:

Fuel Used Out of State Tax Break: <http://www.legis.state.la.us/lss/lss.asp?doc=321778>. Airlines divide their Louisiana mileage by total mileage to determine what portion of purchases are subject to sales tax. LA rules current as of June 20, 2014.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel sales to end users data from the Energy Information Administration and commercial airline fuel use data from the BTS.

Jet Fuel Tax Rate: Louisiana state and combined average local sales tax rate is 8.89%.

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

No
ESTIMATE

estimated # of gallons for which the airlines receive a tax break:

1.43
BILLION

Jet fuel is **NOT TAXED** at all.
COST: UNKNOWN

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.20

Commercial airlines buying a \$3 gallon of jet fuel:

\$0

SOURCES:
Jet Fuel Not Taxed At All: <http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.162.htm> Sec. 162.104 (6) and <http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.151.htm> Sec. 151.308. Jet fuel is exempt from motor fuel and sales taxes. TX rules current as of June 20, 2014.
Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel sales to end users data from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.

Background Notes

States give airlines over \$1 billion in tax breaks on 12 billion gallons of jet fuel. The \$1 billion figure is the total of the value estimates for the 35 states that have a tax break on jet fuel for commercial airlines. A tax break is defined as an exemption, refund, credit, rebate or other form of reduction that enables airlines to pay less state tax on jet fuel compared to other jet fuel users. The 12 billion gallons figure is the total of the estimates of how many gallons of jet fuel commercial airlines use that they are either getting a state tax break or paying no state taxes on in the 35 states that have an airline-specific tax break, in Texas where all jet fuel sales are exempt from any taxes, and in New Mexico where all jet fuel sales get a tax break.

In order by the size of the tax break, included in this report are brief descriptions of the jet fuel tax breaks specifically for airlines in each state, the estimated cost of the tax breaks, the estimated number of gallons airlines get a tax break on, and the effective state fuel tax rate for an airline buying a \$3.00 gallon of jet fuel compared to a car driver buying a gallon of gasoline at the state average price.

Methodology for value estimates

15 States (CA, WA, IL, NY, MN, KY, GA, CO, FL, NC, AZ, MI, ME, MT, OR) report or estimate the cost of tax breaks commercial airlines receive on jet fuel or responded to email requests for this information (Illinois and Arizona only estimate one of two tax breaks given to airlines on jet fuel, Colorado estimates the number of tax exempt gallons, not the fiscal impact). For the other 22 states where airlines get jet fuel tax breaks, pay no jet fuel taxes, or there is a general tax break for jet fuel, and for the tax breaks not estimated by Illinois and Arizona, we had to make our own estimates based on available jet fuel purchase volume data. Our estimates are based on applying national average percentages to individual state's jet fuel prime supplier 2013 sales total (as reported by the U.S. Energy Information Association, or EIA). These percentages are detailed here because they are found in footnote calculations throughout this document. Their specific application in a state is explained in the state's footnotes.

Methodology for estimating percent of jet fuel used by airlines:

Total national prime supplier sales volume in 2013: 20,518,402,000 gallons (56,214.8 thousand / day x 365).

Total U.S. airline fuel consumption in 2013: 15,964,000,000 gallons

$15,964,000,000 / 20,518,402,000 = 0.778$ of total 2013 jet fuel was consumed by U.S. airlines

Percent of total jet fuel used by commercial airlines = 77.8%

For heavy oil producing states, the above ratio applied to the EIA's prime supplier sales does not provide an accurate picture of airline jet fuel use in the state. For example, in Mississippi there were 391,024,500 gallons total prime supplier sales of jet fuel in 2013, but there is not a large commercial airline industry. For states where 2013 crude oil production was above 20,000,000 barrels and the state does not estimate airline jet fuel use, the .778 commercial airline use ratio was applied to EIA's jet fuel sales to end users figure, not the prime supplier sales figure, to create a more conservative estimate. This applies to Texas, Louisiana, Utah, Montana, Alaska and Mississippi. Kansas and New Mexico also produced over 20,000,000 barrels of crude oil, but the EIA does not report sales to end users numbers for those states.

Methodology for estimating percent of jet fuel used by airlines on international flights:

2013 Airline International Consumption: 5,748,600,000 gallons

Total U.S. airline fuel consumption in 2013: 15,964,000,000 gallons

$5,748,600,000 / 15,964,000,000 = 0.36$ used for international flights

Percent of jet fuel used for international flights = 36%

Sources

Energy Information Administration:

http://www.eia.gov/dnav/pet/pet_sum_mkt_dcu_nus_a.htm

Bureau of Transportation Statistics: <http://www.transtats.bts.gov/fuel.asp>

