

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: SB 1500
 INTRODUCER: Senator Bennett
 SUBJECT: Aviation Fuel Tax
 DATE: April 9, 2010

REVISED: 4/13/2010

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McManus</u>	<u>Meyer</u>	<u>TR</u>	Favorable
2.	<u>O'Donnell</u>	<u>McKee</u>	<u>FT</u>	TP'd
3.	<u> </u>	<u> </u>	<u>GA</u>	<u> </u>
4.	<u> </u>	<u> </u>	<u>WPSC</u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Please see Section VIII. for Additional Information:	
A. COMMITTEE SUBSTITUTE.....	<input type="checkbox"/> Statement of Substantial Changes
B. AMENDMENTS.....	<input type="checkbox"/> Technical amendments were recommended
	<input type="checkbox"/> Amendments were recommended
	<input checked="" type="checkbox"/> Significant amendments were recommended

I. Summary:

This bill provides for commercial airline companies to receive a refund for aviation fuel taxes if certain criteria are met.

A commercial airline purchasing aviation fuel and placing it into an aircraft owned by the airline while the aircraft is in the state capital may obtain a refund of the aviation fuel tax if:

- The commercial airline has a ticket counter presence in the state capital.
- The aircraft is refueled in connection with a flight that embarks or disembarks passengers in the state capital.

The Revenue Estimating Conference determined that the bill will have a negative revenue impact on the Fuel Tax Collection Trust Fund. The negative cash impact is \$200,000 in FY 2010-11 and the negative recurring impact is \$300,000. The associated reduction in service charge revenue transferred to the General Revenue Fund based on the reduction in amounts being deposited into the Fuel Tax Collection Trust Fund is insignificant.

This bill substantially amends s. 206.9825, F.S.

II. Present Situation:

Currently an aviation fuel tax of 6.9 cents per gallon is applied to all aviation fuel purchased in the state. Estimated revenue from the aviation fuel tax for fiscal year 2010-2011 is \$72,100,000. All tax revenue collected from the sale of aviation fuel is deposited in the Fuel Tax Collection Trust Fund. Such moneys are transferred to the State Transportation Trust Fund monthly after deducting the service charges imposed by s. 215.20, F.S., the refunds granted pursuant to s. 206.9855, F.S., and the administrative costs incurred by the Department of Revenue. Administrative costs may not exceed 2 percent of collections.

Under s. 206.9855, F.S., a carrier transporting persons or property for compensation or hire by air is entitled to receive a refund of the taxes imposed by this part on aviation fuel purchased by such carrier. The refund may not exceed 0.6 percent of the wages paid by the carrier to employees located or based within this state and who are covered by the provisions of chapter 443, F.S.

Any licensed wholesaler or terminal supplier delivering aviation fuel to an air carrier offering transcontinental jet service and, after January 1, 1996, increasing the air carrier's Florida workforce by more than 1000 percent and by 250 or more full-time equivalent employee positions, may receive a credit or refund as the ultimate vendor of the aviation fuel for the 6.9 cents excise tax previously paid, provided the air carrier has no facility for fueling highway vehicles from the tank in which the aviation fuel is stored.

III. Effect of Proposed Changes:

This bill refunds the aviation fuel tax of 6.9 cents per gallon to commercial airliners applying for the refund and meeting the qualifications below.

A commercial airline purchasing aviation fuel and placing it into an aircraft owned by the airline while the aircraft is in the state capital may obtain a refund of the aviation fuel tax if:

- The commercial airline has a ticket counter presence in the state capital.
- The aircraft is refueled in connection with a flight that embarks or disembarks passengers in the state capital.

A refund of this type is governed by the administrative procedures specified in s. 206.41(5), F.S. The refund provided in this bill does not apply in any municipality other than the state capital. The implementation of the bill may not be construed to reduce or otherwise adversely affect any aviation grants received by the municipal government in the state capital.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

The Revenue Estimating Conference determined that the bill will have a negative revenue impact on the Fuel Tax Collection Trust Fund. The negative cash impact is \$200,000 in FY 2010-11 and the negative recurring impact is \$300,000. The associated reduction in service charge revenue going to the General Revenue Fund based on the reduction in amounts being deposited into the Fuel Tax Collection Trust Fund is insignificant.

B. Private Sector Impact:

Private individuals may benefit from increased competition for air travel through, or from the state capital. Eligible air carriers may benefit from the tax refund.

C. Government Sector Impact:

The bill will result in a recurring reduction of approximately \$300,000 in annual revenues deposited into the State Transportation Trust Fund.

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

Barcode 441172 by Finance and Tax on April 13, 2010:

Creates a provision of Chapter law requiring that when there is a single private fixed-based operator at a public use airport, the operator may not impose fees under specified conditions, may not require certain minimum purchases and must charge a reasonable price for aviation fuel as prescribed by the bill.