

# South Carolina Tax Realignment Commission

## Airplane – Property Tax Issues



# Introduction

- Impact of General Aviation
- Decline of General Aviation
- Current Tax Structure
- Recommendations and Conclusions
- Questions

# Important Issues

- Tax Changes = Stimulated general aviation activity / Job creation / Increased Economic Growth
- Consideration of Registration Fee based system versus current tax assessment system
- Develop guidelines to clarify how out of state aircraft corporations are taxed in South Carolina

# Impact of General Aviation

- General Aviation is an important economic generator in the State of South Carolina.
- South Carolina has 54 airports solely devoted to general aviation.
  - These airports support both tourism and business interests.
  - There were over 750,000 visitors that arrived by general aviation aircraft. Almost 1/3 of all air travelers to the state arrived on a general aviation aircraft
- More than 5,000 people with a payroll of almost 200,000,000 dollars work supporting general aviation.

# Decline of General Aviation

- Aircraft ownership is decreasing
- There has been a significant drop in pilot training
- The number of aircraft hours flown has decreased
- Aircraft maintenance business and employment is trending downward
- Fuel flowage and associated tax revenue are decreasing

# Recommendations

- The legislature should encourage general aviation in the State of South Carolina and reinforce this with sound tax policy. Amend aircraft property tax.
- Establish an aircraft registration fee in lieu of taxation as many other states have.
- These registration fees provide a more reasonable method of accessing revenue from aircraft
- A registration fee would provide a uniform state-wide method for taxation as opposed to leaving it to individual counties



# Conclusions

- In this economic environment, the time has come to reform the tax structure in the State of South Carolina's general aviation industry.
- The general aviation sector is an important and under-valued segment of South Carolina economy.
- General Aviation is contracting rather than growing. South Carolina has an opportunity to create a competitive environment for the general aviation sector.
- Tax reforms will need to be a critical element if this is to happen.