

**REPORT OF THE  
REVENUE POLICY SUBCOMMITTEE**  
(Crawford, Bannister, Stavrinakis, Lowe & Hewitt - Staff Contact: Julia Foster)

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**SENATE BILL 436  
AIRCRAFT PROPERTY TAX EXEMPTION**

**Summary of Bill:**

This bill, as amended by the Senate, allows commercial aircraft to be included in fee in lieu tax agreements (FILOT) if part of a qualifying project in support of economic development. Any such agreement must be approved by the Coordinating Council for Economic Development. This provision is effective until June 30, 2027.

The bill as originally drafted created an exemption of 36.8421 percent of the fair market value of all aircraft of each airline company for the purposes of property taxes. As originally drafted, it also changes how ground time factors into the ratio of in-state to total time used to determine an aircraft's value for property tax purposes. The tax is administered and collected by DOR and distributed to the SC Aeronautics Commission's State Aviation Fund.

**Estimated Fiscal Impact:**

As originally filed, it will reduce aircraft tax by approximately \$2,960,000 beginning in FY 2026-27 for the value exemption. The change in the determination of the ratio is expected to reduce aircraft tax by \$3,604,000 beginning in FY 2026-27. Thus, totaling an approximate \$5,237,000 reduction in aircraft tax revenue to the State Aviation Fund.

However, an updated fiscal impact on the bill, as amended, has been requested.

**Subcommittee Action/Explanation:**

The Subcommittee will meet on Wednesday, May 6 at 9am.

**Full Committee Action/Explanation:**

N/A

**Other Notes/Comments:**

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# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	S. 0436	Introduced on March 11, 2025
<b>Subject:</b>	Aircraft	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Jolliff	
<b>Impact Date:</b>	March 5, 2026	

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### Fiscal Impact Summary

This bill creates an exemption for 36.8421 percent of the fair market value of all aircraft of each airline company for the purposes of property taxes. The bill also changes the way time on the ground is determined for the purposes of calculating the ratio of time that an aircraft is in this state compared to total time in and out of state for the purposes of determining the value subject to property tax. The tax is administered and collected by the Department of Revenue (DOR) and distributed to the State Aviation Fund of the SC Aeronautics Commission.

This bill will have a minimal impact for DOR to administer the changes as this can be accomplished with existing staff and resources.

This bill will reduce aircraft tax by approximately \$2,960,000 beginning in FY 2026-27 for the value exemption. The change in the determination of the ratio is expected to reduce aircraft tax by \$3,604,000 beginning in FY 2026-27. Combining the effects of both the value exemption and the change in the ratio, the bill will reduce aircraft tax revenue to the State Aviation Fund by approximately \$5,237,000 beginning in FY 2026-27 when accounting for the interaction of the two changes.

### Explanation of Fiscal Impact

#### Introduced on March 11, 2025

##### State Expenditure

This bill creates an exemption for 36.8421 percent of the fair market value of all aircraft of each airline company for the purposes of property taxes. The bill also changes the way time on the ground is determined for the purposes of calculating the ratio of time that an aircraft is in this state compared to total time in and out of state for the purposes of determining the value subject to property tax. The tax is administered and collected by DOR.

This bill will have a minimal impact for DOR to administer the changes as this can be accomplished with existing staff and resources.

##### State Revenue

This bill exempts 36.8421 percent of the fair market value of all aircraft of each airline company for the purposes of property taxes. For reference, reducing the fair market value by 36.8421

percent would have the same effect as reducing the assessment ratio from 9.5 percent to 6 percent. The bill also changes the way time on the ground is determined for the purposes of calculating the ratio of time that an aircraft is in this state compared to total time in and out of state for the purposes of determining the value subject to property tax.

Currently, all airline companies operating in the state must pay property taxes on aircraft operated in the state. These aircraft are assessed at 9.5 percent of the fair market value allocated to the state and taxed at the statewide average millage rate. The fair market value of the aircraft allocated to the state is based on the average of two ratios:

- The ratio which the total time scheduled on the ground within this state of such aircraft during the preceding calendar or fiscal year bears to the total time scheduled on the ground within and without this state of such aircraft during the preceding calendar or fiscal year.
- The ratio which the total mileage scheduled within this state of such aircraft operated in this state during the preceding calendar or fiscal year bears to the total mileage scheduled within and without this state of such aircraft during the preceding calendar or fiscal year.

Beginning with FY 2022-23, total aircraft property taxes are distributed to the State Aviation Fund. The table below shows the recent history of collections and the estimated collections for FY 2026-27. The estimate is based on historical growth in fair market value of 5.06percent and an expected statewide average millage rate of 357.2.

**Aircraft Tax Revenue**

	FY 2022-23	FY 2023-24	FY 2024-25*	FY 2025-26 YTD*	FY 2026-27 (estimate)
State Aviation Fund	\$6,473,620	\$6,660,807	\$6,870,479	\$8,070,906	\$8,035,000

\*FY 2025-26 includes a delayed payment from FY 2024-25

Based on the figures above, exempting 36.8421 percent of the fair market value of the aircraft of airline companies from property taxes is expected to reduce aircraft tax revenue by approximately \$2,960,000 beginning in FY 2026-27.

The bill also changes the calculation of the ratio for total time on the ground. The bill specifies that for determining time on the ground, each landing equals 30 minutes, and each overnight stay or maintenance day equals 2 hours. Currently, DOR reports that the ratio of time on the ground is computed to be approximately 0.0072122, and the ratio of total mileage is computed to be 0.0021662, for an average of 0.0046892. Assuming that it takes approximately 60 minutes on average to turnaround a plane, reducing the time for each landing to 30 minutes would reduce the time by 50 percent.<sup>1</sup> Further, we assume that an overnight stay or maintenance day averages approximately 8 hours. Reducing an overnight stay from 8 hours to 2 hours would reduce this

<sup>1</sup> Grant, John, *Formula One Science in Aircraft Turnarounds*, OAG Aviation, April 12, 2023, Retrieved March 5, 2026. <https://www.oag.com/blog/science-aircraft-turnarounds>

time by 75 percent. Based on these assumptions, we allocated 16 hours per day, or 66.7 percent, to landings, and the remaining 33.3 percent to overnight stays. This change would reduce the time allocation on the ground to 41.67 percent of the current allocation. Using this figure, the ratio for time on the ground would be reduced to 0.0030051. The new ratio from averaging 0.00300521 and 0.0021662 would be 0.0025856, or 44.9 percent less than original average ratio. This reduction in value would lower the aircraft tax collected by \$3,604,000 beginning in FY 2026-27.

Combining the effects of both the value exemption and the change in the ratio, the bill will reduce aircraft tax revenue to the State Aviation Fund by approximately \$5,237,000 beginning in FY 2026-27 when accounting for the interaction of the two changes.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
126th Session, 2025-2026

**S. 436**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Grooms, Fernandez and Leber

Document Path: SR-0266KM25.docx

Introduced in the Senate on March 11, 2025

Introduced in the House on April 30, 2026

Last Amended on April 28, 2026

Currently residing in the House Committee on **Ways and Means**

Summary: Aircraft

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/11/2025	Senate	Introduced and read first time (Senate Journal-page 8)
3/11/2025	Senate	Referred to Committee on <b>Finance</b> (Senate Journal-page 8)
4/15/2026	Senate	Committee report: Favorable with amendment <b>Finance</b> (Senate Journal-page 43)
4/28/2026	Senate	Committee Amendment Adopted (Senate Journal-page 42)
4/28/2026	Senate	Read second time (Senate Journal-page 42)
4/28/2026	Senate	Roll call Ayes-42 Nays-2 (Senate Journal-page 42)
4/29/2026	Senate	Read third time and sent to House (Senate Journal-page 31)
4/30/2026	House	Introduced and read first time (House Journal-page 154)
4/30/2026	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 154)

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**VERSIONS OF THIS BILL**

03/11/2025

04/15/2026

04/28/2026

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

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4 COMMITTEE AMENDMENT ADOPTED

5 April 28, 2026

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**S. 436**

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Introduced by Senators Grooms, Fernandez and Leber

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11 S. Printed 4/28/26--S.

12 Read the first time March 11, 2025

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## A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-37-220,  
12 RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO ADD AN EXEMPTION FOR A  
13 PORTION OF THE VALUE OF AIRCRAFT OF AN AIRLINE COMPANY; AND BY AMENDING  
14 SECTION 12-37-2440, RELATING TO THE VALUATION OF AIRCRAFT, SO AS TO SPECIFY  
15 THE MANNER IN WHICH TIME ON THE GROUND IS CALCULATED.

16 Amend Title To Conform

17

18 Be it enacted by the General Assembly of the State of South Carolina:

19

20 SECTION 1. Section 12-43-220(g) of the S.C. Code is amended to read:

21

22 (g) All real and personal property owned by or leased to companies primarily engaged in the  
23 transportation for hire of persons or property and used by such companies in the conduct of such  
24 business and required by law to be assessed by the department shall be taxed on an assessment equal  
25 to nine and one-half percent of the fair market value of such property. Notwithstanding this provision,  
26 until June 30, 2027, fee in lieu of tax agreements may include commercial aircraft as part of a qualifying  
27 project in support of economic development, subject to all other statutory requirements for fee in lieu  
28 of tax agreements, as approved by the Coordinating Council for Economic Development.

29 The department shall apply an equalization factor to real and personal property owned by or leased  
30 to transportation companies for hire as mandated by federal legislation.

31 Notwithstanding any other provision of this article, on June 3, 1975, if it is found that there is a  
32 variation between the ratios being used and those stated in this section, the county may provide for a  
33 gradual transition to the ratios as herein provided for over a period not to exceed seven years; provided,  
34 however, that all property within a particular classification shall be assessed at the same ratio, provided,  
35 further, however, that all property enumerated in subsection (a) shall be assessed at the ratio provided  
36 in such subsection and the property enumerated in subsections (b), (c), (d), (e), (f), and (g) shall be  
37 increased or decreased to the ratios set forth in this article by a change in the ratio of not less than one-  
38 half of one percent per year nor more than one percent per year. Provided, however, that  
39 notwithstanding the provisions of this section, a county may, at its discretion, immediately implement  
40 the assessment ratios contained in subsections (b), (c), (d), (e), and (f). Provided, however, that  
41 livestock shall not be subject to ad valorem taxation unless such livestock is physically located within

1 the State for a period in excess of nine months. Provided, that this section shall not apply to farm  
2 animals and farm equipment in use on a farm in those counties which do not tax such property as of  
3 June 3, 1975.

4 Provided, however, all agricultural or forest land within easements granted to public bodies,  
5 agencies, railroads, or utilities for rights of way of thirty feet in width or greater shall be assessed at the  
6 same cropland value per acre as soil class 7 in schedule 1 of R 117-126 of the State Department of  
7 Revenue. In order to receive such assessment the landowner must apply to the tax assessor of the  
8 county where the easement is located, with documentation of the existence, location, and amount of  
9 acreage contained in the easement.

10 As used in this section, fair market value with reference to real property means fair market value  
11 determined in the manner provided pursuant to Article X of the Constitution of this State, Section 12-  
12 37-930 and Article 25, Chapter 37 of this title.

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14 SECTION 2. This act takes effect upon approval by the Governor.

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