

Commuter Air Carrier Airplanes (Sales & Use Tax)

2019 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: \$447,000

Sales and use tax



COMMUTER AIR CARRIERS:

- Operate aircraft with 60 or fewer seats
- Carry passengers on at least 5 round-trip flights per week
- Fly according to published flight schedules

Sales and use tax exemption for commuter air carriers to encourage in-state service, maintain service to small or rural airports, and level the playing field

Commuter air carriers are exempt from sales and use tax on purchases of airplanes, parts, maintenance and repairs.

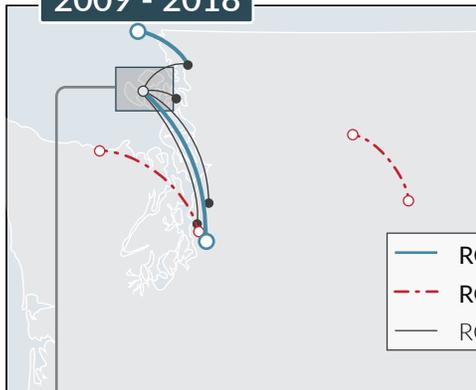


The Legislature enacted this preference in 2009.



The preference has no expiration date.

2009 - 2018



Since 2009, the number of commuter air carriers has increased by one. Some areas gained service, while other areas lost it

Number of commuter air carriers **has increased from 2 to 3.**

Service increased to San Juan Islands and ended in Eastern WA and Olympic Peninsula.

- ROUTES ADDED
- - - ROUTES LOST
- ROUTES UNCHANGED

2018



No change in the number of small or rural airports served, but service locations have shifted

- Service now concentrated in San Juan Islands.
- No out-of-state carriers have entered market.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Clarify expectations for levels of service and locations served

The Legislature should add a performance statement and clarify expectations for the frequency of flights and locations served.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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