South Carolina Tax Realignment Commission

Airplane – Property Tax Issues

By Douglas A. Decker, P.E.
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.