

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$85
MILLION

estimated # of gallons for which the airlines receive a tax break:

740
MILLION



International flights are **EXEMPT** from sales tax, **including** flights with U.S. stops.*

COST: \$72.8 million

Airlines are **EXEMPT** from state environmental fees.

COST: \$12.2 million

*If a plane just goes from Chicago to New York, the airline pays sales tax on its fuel. But if a plane goes from Chicago to New York and then on to London, the airline *doesn't pay sales tax at all, even on the Chicago to New York fuel.*

MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)

Car drivers buying an average gallon of gasoline:

\$0.39

Commercial airlines buying a \$3 gallon of jet fuel:

\$0 - 0.33

SOURCES:

International Fuel Tax Break: <http://www.ilga.gov/commission/jcar/admincode/086/086001300C03210R.html>. IL rules current as of June 19, 2014.

Cost of International Fuel Tax Break: Page E-2: TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED: Fuel and Petroleum Products for International Flight Exemption <http://www.ioc.state.il.us/index.cfm/resources/reports/tax-expenditure/fy-2013/>. Estimate based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration (EIA) and commercial airline fuel use data from the Bureau of Transportation Statistics (BTS).

Environmental Fees Tax Break: <http://tax.illinois.gov/Motorfuel/MFT/environmental.htm>. Qualified air carriers exempt.

Cost of Environmental Fees Tax Break: <http://www.ioc.state.il.us/index.cfm/resources/reports/tax-expenditure/fy-2013/>. B-3: Revenue Source and Annual Receipts: Underground Storage Tank Tax: Airport Exemption.

Number of gallons airlines get a tax break on: Airlines are getting a tax break on all jet fuel for the Underground Storage Tank Tax and the Environmental Impact Fee. Number of gallons estimated using EIA and BTS data.

Jet Fuel Tax Rate: Chicago sales tax is 9.25% and Chicago fuel excise tax of \$0.05 per gallon http://www.cityofchicago.org/city/en/depts/fin/supp_info/revenue/tax_list/vehicle_fuel_tax.html

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year,