

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$43.5
MILLION

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

300
MILLION



Airlines are **EXEMPT** from \$0.145 per gallon of the jet fuel excise tax after 200,000 gallons, and get a smaller tax break before 200,000 gallons.

COST: \$43.5 million

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



Car drivers buying an average gallon of gasoline:

\$0.29



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

\$.006-.051

SOURCES:
Excise Tax Break: http://www.revenue.state.mn.us/businesses/petroleum/Pages/Minnesota_Fuel_Excise_Rates_and_Fees.aspx. Jet fuel tax rate is \$0.15 per gallon. MN rules current as of July 1, 2014. Airlines pay the \$0.001 per gallon inspection fee. Airline Exemption: 296A.17 AVIATION REFUND: <https://www.revisor.mn.gov/statutes/?id=296A.17>. Airlines pay Flight Property Tax, which exempts them from the jet fuel per gallon tax: http://www.revenue.state.mn.us/Forms_and_Instructions/af_inst.pdf
Cost of Excise Tax Break and Number of gallons airlines get a tax break on: Email from Minnesota Department of Revenue, Revenue Tax Specialist on June 13, 2014. The MN Department of Revenue estimates 300,000,000 gallons are purchased and eligible for the graduated refund, worth \$43.5 million in tax credits.
Jet Fuel Tax Rate: Airlines receive a graduated tax refund up to \$0.145 per gallon of the \$0.15 per gallon tax after 200,000 gallons, and pay the \$0.001 per gallon inspection fee.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.