

IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$115.3
MILLION

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

832
MILLION

Airlines are **EXEMPT** from sales tax.

COST: \$64 million (up to \$220 million including local sales tax)

Airlines are **ONLY** taxed on fuel used for taxi and takeoff. **COST:** \$50 million

Airlines are **EXEMPT** from taxes if they service 4 New York cities with non-stop flights between those cities. **COST:** \$1.3 million

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

Car drivers buying an average gallon of gasoline:

\$0.51

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

\$0 (Airlines pay a set fuel tax rate per takeoff)

SOURCES:

Sales Tax Break: N.Y. Tax Law Section 1115(a)(9) <http://codes.lp.findlaw.com/nycode/TAX/28/III-EXEMPTIONS/1115>

Cost of Sales Tax Break: <http://publications.budget.ny.gov/eBudget1415/fy1415ter/TaxExpenditure2014-15.pdf>, Page 102: Fuel Sold to Airlines. Local sales tax in New York City is 8.875%. 832 million gallons x \$3 x 8.875% = \$220 million.

Fuel Used Out of State Tax Break: http://www.tax.ny.gov/pdf/2005/petrol/pt104_1_202_1_505.pdf. Bottom of page 2 sets the fuel tax rate for taxi and takeoff for different types of aircraft. http://www.tax.ny.gov/pdf/2014/petrol/pt202_q214.pdf. Per gallon tax rate is \$0.073. NY rules current as of May 31, 2014. No cost estimate.

Cost of Fuel Used Out of State Tax Break: Estimate based on analysis of average taxi and takeoff fuel use for aircraft types specified in NY Form PT-104.1/202.1 compared to New Jersey flight data and airport flight data from the Bureau of Transportation Statistics (BTS).

Non-Stop Service Tax Break: http://www.tax.ny.gov/pdf/memos/petroleum/m05_2m.pdf

Cost of Non-Stop Service Tax Break: <http://publications.budget.ny.gov/eBudget1415/fy1415ter/TaxExpenditure2014-15.pdf>, Page 143: Certain Airlines.

Number of gallons airlines get a tax break on: Estimate based on 2013 jet fuel prime supplier sales data from the Energy Information Administration and commercial airline fuel use data from the BTS.

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