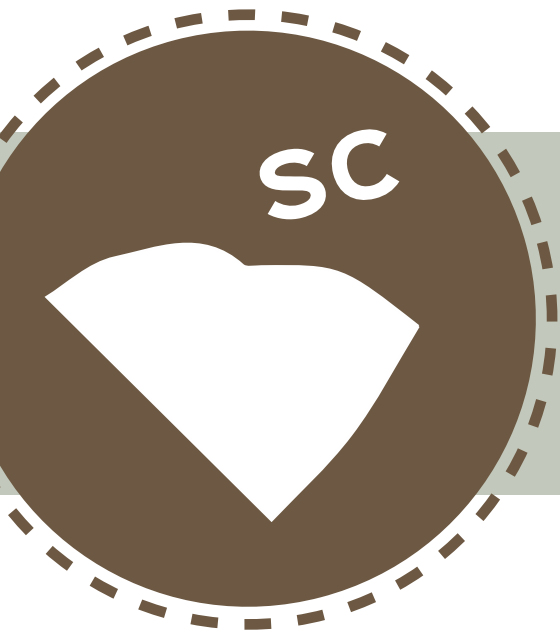


IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$13.6
MILLION

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

62
MILLION



Airlines are **EXEMPT** from the sales tax.
COST: \$13.6 million

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



Car drivers buying an average gallon of gasoline:

\$ 0.17



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

\$ 0.0075

SOURCES:

Sales Tax Break: <http://www.scstatehouse.gov/code/t12c036.php>. Section 12-36-2120(9)(d). This exemption is clarified by SC Revenue Ruling # 97-12: <http://www.sctax.org/NR/rdonlyres/6928E371-210B-4635-A89F-A99F4286998F/0/RR9712.pdf>. Page 3: "sales of jet fuel to other than transportation companies are subject to the sales and use taxes." Jet fuel is also exempt from the state motor fuel taxes. SECTION 12-28-110. Definitions. (15) "Diesel fuel" does not include jet fuel. <http://www.scstatehouse.gov/code/t12c028.php>. The unannotated South Carolina Code on the General Assembly's website is now current through the 2013 session.
Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics.
Jet Fuel Tax Rate: Airlines pay the \$0.0025 per gallon inspection fee and the \$0.005 per gallon environmental impact fee. SECTION 12-28-2355. Inspection and environmental impact fee charged on petroleum products. <http://www.scstatehouse.gov/code/t12c028.php>
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.