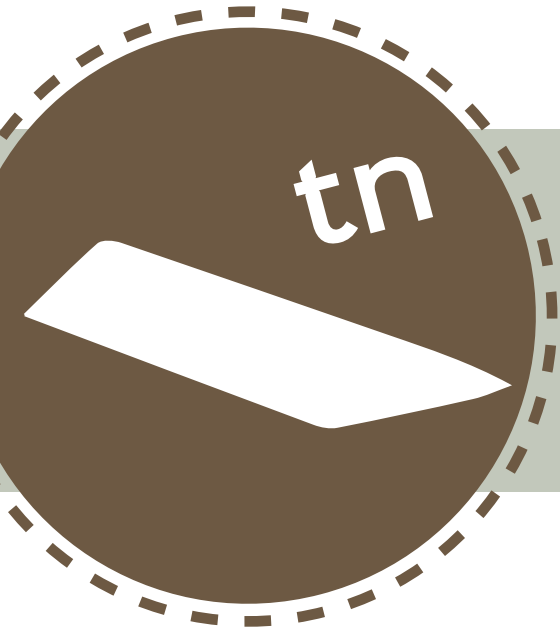


IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

\$16.5
MILLION

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

123
MILLION

Int'l flights are **EXEMPT** from sales tax.

COST: \$16.5 million

Airlines are **EXEMPT** from \$0.0135 of the special privilege tax and the environmental assurance fee for fuel used out of state. **COST:** Unknown

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

Car drivers buying an average gallon of gasoline:

\$ 0.21

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

\$ 0 - 0.149

SOURCES:
International Fuel Tax Break: <https://www.tn.gov/revenue/taxguides/salesanduse.pdf>. Page 7: Aviation fuel actually used in the operation of aircraft motors is taxed at 4.5%. Page 37: Exemptions for Tennessee Sales for Out-of-State Consumer Use. TN rules current as of June 19, 2014.
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.
Environmental Assurance Fee and Special Privilege Tax Break: Airlines pay \$0.0005 export tax for fuel burned out of state, T.C.A. 67-3-205 Export tax and T.C.A. 67-3-412. Refunds – exports (c) <http://www.tn.gov/sos/acts/100/pub/Pubc0316.HTM>. T.C.A. 67-3-203. Special privilege tax: For fuel burned in state, airlines pay a \$0.01 per gallon special privilege tax and a \$0.004 per gallon environmental assurance fee, 68-215-110 (h) (1): <http://law.justia.com/codes/tennessee/2010/title-68/chapter-215/part-1/68-215-110>. \$0.014 - \$0.0005 = \$0.0135 discount. No estimate.
Jet Fuel Tax Rate: Airlines pay 4.5% sales tax plus \$0.0005 export tax for fuel burned out of state. For fuel burned in state, airlines pay a \$0.01 per gallon special privilege tax and a \$0.004 per gallon environmental assurance fee. International flights are tax exempt.
Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year,