

## IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

**\$123**  
MILLION

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

**482**  
MILLION

Airlines are **EXEMPT** from the \$0.11 per gallon jet fuel excise tax.

**COST: \$58 million**

Airlines are **EXEMPT** from sales tax on fuel used out of state.

**COST: \$65 million**

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

Car drivers buying an average gallon of gasoline:

**\$0.38**

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

**\$0 - 0.29**

### SOURCES:

Excise Tax Break: Aircraft Fuel Tax Imposed, RCW 82.42.02 and Exemptions, RCW 82.42.030. <http://apps.leg.wa.gov/rcw/default.aspx?cite=82.42>. WA rules current as of June 19, 2014.

Fuel Used Out of State Tax Break: Exemptions – Sales of personal property for use connected with private or common carriers in interstate or foreign commerce, RCW 82.08.0261.

<http://apps.leg.wa.gov/rcw/default.aspx?cite=82.08.0261>. Email from Tax Policy Specialist, Research & Fiscal Analysis, Washington State Department of Revenue (DOR) on June 4, 2014.

Cost of Excise Tax Break: [http://dor.wa.gov/docs/reports/2008/Tax\\_Exemptions\\_2008/Tax\\_exemptions\\_2008.pdf](http://dor.wa.gov/docs/reports/2008/Tax_Exemptions_2008/Tax_exemptions_2008.pdf). Page 283: 82.42.030 AIRCRAFT FUEL THAT IS EXPORTED OR USED COMMERCIALY. FY2011 is the most recent state estimate.

Cost of Fuel Used Out of State Tax Break: [http://dor.wa.gov/docs/reports/2012/Exemption\\_study\\_2012/2012%20Exemption%20Study%20-%20Entire%20Report.pdf](http://dor.wa.gov/docs/reports/2012/Exemption_study_2012/2012%20Exemption%20Study%20-%20Entire%20Report.pdf). Page 187: 82.08.0261 ITEMS USED IN INTERSTATE COMMERCE. Total FY2014: \$153,129,000 for air, rail and water common carriers. The Washington Department of Revenue states that the bulk of the estimate is aviation fuel used by airlines, but does not track specifics. Energy consumption data from the Bureau of Transportation Statistics (BTS) for 2011, the most recent year available, was used to estimate what percent of the Washington state tax break for air, rail and water common carriers for fuel used out of state is for commercial 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.

Jet Fuel Tax Rate: Sales tax for Seattle is 9.5% [http://dor.wa.gov/Docs/forms/Excstx/LocSalUseTx/LocalSisUseFlyer\\_14\\_Q2\\_alpha.pdf](http://dor.wa.gov/Docs/forms/Excstx/LocSalUseTx/LocalSisUseFlyer_14_Q2_alpha.pdf).

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