



**Colorado  
Legislative  
Council  
Staff**

**SB16-155**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0121 **Date:** March 24, 2016  
**Prime Sponsor(s):** Sen. Cadman **Bill Status:** Senate Finance  
 Rep. Garnett; Nordberg **Fiscal Analyst:** Greg Sobetski (303-866-4105)

**BILL TOPIC:** SALES AND USE TAX EXEMPTION FOR HISTORIC AIRCRAFT

| Fiscal Impact Summary                                       | FY 2016-2017     | FY 2017-2018      |
|---|------------------|-------------------|
| <b>State Revenue</b>  | <b>(\$8,000)</b> | <b>(\$16,000)</b> |
| General Fund  | (8,000)          | (16,000)          |
| <b>State Expenditures</b>                                   |                  |                   |
| <b>TABOR Impact</b>   | <b>(\$8,000)</b> | <b>(\$16,000)</b> |
| <b>Appropriation Required:</b> None.                        |                  |                   |
| <b>Future Year Impacts:</b> Ongoing state revenue decrease. |                  |                   |

**Summary of Legislation**

Beginning July 1, 2016, the bill creates a state sales and use tax exemption for a historic aircraft that is on loan to a museum for public display, whether for demonstration, educational, or museum promotional purposes. In order to qualify for the exemption, the historic aircraft may not be used for any other purpose while it is in the state. The museum to which a historic aircraft is on loan must be open to the public at least 20 hours a week. Historic aircraft includes any original, restored, or replica of a heavier-than-air aircraft that is at least 35 years old.

**State Revenue**

The bill is expected to reduce state General Fund revenue by \$8,000 in FY 2016-17 and \$16,000 in FY 2017-18 and subsequent years. The estimate for FY 2016-17 represents a half-year impact.

**Assumptions.** The Federal Aviation Administration (FAA) tracks private aircraft transactions. According to the FAA, buyers with Colorado addresses annually purchase 175 aircraft that are at least 35 years old, at an average price of approximately \$275,000 each. The bill affects aircraft only on the occasion of a private transaction, only if the transaction is currently taxable, and only if the aircraft is loaned to a museum as required under the bill. Three museums were identified as potential display sites: Wings Over the Rockies Air & Space Museum in Denver; the National Museum of World War II Aviation in Colorado Springs; and Pueblo Weisbrod Aircraft Museum in Pueblo. Based on the number of museums, it is assumed that about two aircraft will be exempted each year, reducing General Fund revenue by an average of \$8,000 each.

## **TABOR Impact**

This bill reduces state revenue from sales and use taxes, which will reduce the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

## **Local Government Impact**

The bill reduces revenue to statutory counties, municipalities, and special districts for which the state collects sales taxes to the extent that exempted transactions occur in these jurisdictions. Because the number of exempted transactions is expected to be small, any revenue impact on local jurisdictions will be uneven across the state.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The sales and use tax exemption in the bill applies to transactions occurring on or after July 1, 2016.

## **State and Local Government Contacts**

|                |                        |
|----------------|------------------------|
| Counties       | Information Technology |
| Municipalities | Revenue                |

## **Research Note Available**

An LCS Research Note for SB16-155 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.