

Senate tax panel unanimously endorses Henderson's aircraft parts tax-break bill

Betsy Z. Russell, Spokesman-Review | Tuesday, FEB. 21, 2012



Rep. Frank Henderson presents his aircraft parts sales tax break bill to the Senate tax committee on Tuesday; saying it'll directly create jobs in Idaho. The committee unanimously endorsed the bill, the first sales tax break it's backed in four years. (B

The Senate Local Government & Taxation Committee has voted unanimously in favor of Rep. Frank Henderson's bill to offer a sales tax rebate for sophisticated parts installed in Idaho into out-of-state aircraft, after an hour-long hearing in which all the testimony was strongly in favor of the bill and aircraft company employees filled the audience. Henderson said the tax change would directly create jobs at aircraft parts businesses across Idaho.

"That was an historical event," Senate Tax Chairman Tim Corder, R-Mountain Home, said after the vote; the Senate committee has resisted enacting any new sales tax breaks for at least the last four years, and last year's version of the aircraft parts bill didn't even get a hearing from the panel.

Henderson's version expanded the break to apply to aircraft parts businesses across the state,

rather than just to one in Boise, and imposed a five-year "sunset" or expiration for the break, so lawmakers can examine how well it's worked and decide whether or not they want to extend it. Henderson, R-Post Falls, said the tax change would directly create jobs at aircraft parts businesses across Idaho.

"The fact is that there are 23 states where the sales tax is not ... (charged) on those parts," he said. "So our companies in that industry in the state of Idaho are at a competitive disadvantage." Henderson said if the bill is enacted, seven Idaho companies would add 32 jobs within a year, and in the next five years, they'd hire on 182 new aircraft technicians. "There may be more potential than that, but today I wish to deal in the facts, and those seven companies are factual," Henderson said. "They are significant jobs and very important to our economy."

Jeff Mihalic, president of Western Aircraft in Boise, told the committee, "It will level the playing field, and it will create good-paying aviation jobs in the state of Idaho¹. ... We think this is an excellent piece of legislation for the entire state of Idaho, and also obviously very important to Western Aircraft."

Mark Warbis, a senior special assistant to Gov. Butch Otter for economic development, told the senators, "Our Department of Commerce has identified aviation and the aeronautics industry as a potential growth area for our economy. ... We want to see them become a critical mass." Also testifying in favor of the bill was Alex LaBeau, president of the Idaho Association of Commerce & Industry. "We do believe that it is a jobs bill," LaBeau said. Bill Miller, a volunteer with the Idaho Aviation Association, spoke out in favor of the bill, saying it'd boost the state's economy. So did Ray Stark of the Boise Metro Chamber of Commerce, who said, "We think of airports as magnets of economic activity. Certain businesses like to locate on airport property or nearby², and we're very excited about the potential for increased jobs at the Boise Airport over the next several years." The bill now moves to the full Senate for a final vote.

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(Highlights, footnotes and minor edits may have been added by aiREFORM)

¹ aiR NOTE: level what playing field? All this legislation does is exempt sales taxes on parts used in aviation repairs for out-of-state aircraft. Thus, the aircraft owners benefit, pay a bit less money, and they are encouraged to burn fuel by flying to distant locations for maintenance. Additionally, there is absolutely no evidence that jobs will be created. In fact, looking at this globally, any new Idaho jobs would be created at the expense of non-Idaho jobs. It makes no sense that a national airspace system would allow or encourage this sort of job predation.

² aiR NOTE: locating 'on-airport' is commonly made attractive due to federal grants (paid mostly by air passenger taxes) that subsidize the vast majority of U.S. airports. In other words, lacking these subsidies, many airports would no longer be considered 'economic magnets'.