



September 1, 2021

Dear Sales & Use Task Force,

Thanks for serving on the Sales & Use Tax Simplification Task Force.

I am writing you this letter to explain West Star Aviation's need for the Sales Tax Exemption on Aircraft and Aircraft Parts through use tax exemption 39-26-711. West Star Aviation in Grand Junction has 510 full time aviation employees, and we usually have about 55 aircraft in work on any given day. We do aircraft maintenance, avionics, paint, interior refurbishment, turbine engine service, refueling and more.

Much of West Star Aviation's business comes from outside of Colorado and even outside the US. Because of the mobility and flying range of the aircraft we work on, they can travel long distances to get service done on their aircraft, and can choose locations anywhere in the world.

In most of the States where our competitors are located, they are using these types of exemptions to try to attract aviation business to their State. If this exemption is removed, West Star in Grand Junction will become a less desirable choice for them, and our business will diminish. We are trying to grow our business in Colorado, resulting in even more aviation jobs that pay well, and infuse money into our Community and State. This is "new" money in most cases, from outside the State of Colorado, which is always desirable when trying to help the State and Community thrive. Utah, Nebraska, Kansas, Idaho, Tennessee, Illinois and the list goes on of States which have similar Aviation tax exemptions.

There are two parts to this exemption that are needed for our business. First let's talk about the aircraft parts exemption. If we add a tax on aviation parts that does not exist in other states, customers will choose the other States to have their service done, as it's very easy for them, since they own an airplane, to just fly to anywhere but Colorado. This would be devastating to our business in Grand Junction.

Second is the exemption for aircraft purchased by nonresidents. Much of our business includes a service where we inspect an aircraft and provide information to a buyer before they purchase an aircraft. These owners are mostly from outside Colorado and even outside the US. Once the aircraft are sold, most these buyers do substantial work with us to upgrade the aircraft and perform maintenance service. Same as the prior example, many other States have exemptions from this tax, and they are in States

where our competitors are. If the owners see they will get hit with a large tax if they purchase the plane in Colorado, they will avoid Colorado, because they can. Again, West Star Aviation, our Community, and the State will be hurt by the loss of jobs and revenue.

I have attached an Economic Impact Statement done by an independent organization here in Grand Junction called the Grand Junction Economic Partnership. They did a study on West Star Aviation in Grand Junction and our economic impact was \$94.1 million dollars in 2020. That's a large impact and one that is very important for Colorado, but even more beneficial to the Western Slope of Colorado where we need good high tech jobs. So the tax exemption for Aviation is working for our community and our State. Also, as a result of West Star Aviation's existence in Grand Junction, 202 additional jobs are supported in our community beyond the 506 employed by West Star Aviation.

West Star Aviation is a solid aviation business that has been in Colorado for 69 years. We are committed to our community, our airport, and the State of Colorado. This tax exemption has allowed us to continually grow in Colorado, and without it we will see our customers head to our competitors in places like Provo Utah, Boise Idaho, Lincoln Nebraska, Wichita Kanas, and more...

Please let us know if we can provide further information or even discuss this with you in person if needed, it's that important to us. We recently met with Governor Polis about legislative challenges that West Star is encountering, and this would just add to our concerns about our business expansion in Colorado. We appreciate your service to the State of Colorado, and thank you for taking the time to listen to our concerns!

Sincerely,

Dave Krogman
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cc: Jim Rankin
CEO
West Star Aviation, Inc.