



**Colorado  
Legislative  
Council  
Staff**

**HB17-1103**

**FINAL  
FISCAL NOTE**

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

|   |   |
|---|---|
| <b>Drafting Number:</b> LLS 17-0079                                   | <b>Date:</b> May 16, 2017                           |
| <b>Prime Sponsor(s):</b> Rep. Nordberg; Pabon<br>Sen. Gardner; Moreno | <b>Bill Status:</b> Signed into Law                 |
|   | <b>Fiscal Analyst:</b> Greg Sobetski (303-866-4105) |

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

| Fiscal Impact Summary   | FY 2017-2018               | FY 2018-2019 |
|---|----------------------------|--------------|
| <b>State Revenue</b>  | <u>Potential decrease.</u> |              |
| General Fund  | Potential decrease.        |              |
| <b>State Expenditures</b>   |                            |              |
| <b>TABOR Impact</b>   | Potential decrease.        |              |
| <b>Appropriation Required:</b> None.  |                            |              |
| <b>Future Year Impacts:</b> Ongoing potential state and local revenue decrease. |                            |              |

**Summary of Legislation**

Beginning July 1, 2017, this 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 per week. Historic aircraft includes any original, restored, or replica heavier-than-air aircraft that is at least 35 years old.

**State Revenue**

The bill potentially decreases General Fund sales and use tax revenue for FY 2017-18, FY 2018-19, and subsequent fiscal years.

**Assumptions.** The bill exempts historic aircraft purchases 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 meeting the requirements in 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. Representatives of each of these museums confirm that no aircraft purchased by a Colorado resident has been placed on loan for at least the past three years. It is assumed that a significant majority of aircraft lessors under current law are longtime aircraft owners whose planes are not taxed when leased to museums under current law. The bill potentially decreases state revenue to the extent that qualifying transactions would occur on or after July 1, 2017, absent the exemption.

**TABOR Impact**

This bill potentially reduces state revenue from sales and use tax, which will reduce the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. Since the bill would reduce both revenue to the General Fund and the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill may reduce money available for the General Fund budget in the future during years when the state does not collect money above the TABOR limit.

**Local Government Impact**

The bill potentially 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 small, any revenue impact on local jurisdictions will be uneven across the state.

**Effective Date**

The bill was signed into law by the Governor on April 4, 2017, and takes effect on August 9, 2017 assuming no referendum petition is filed.

**State and Local Government Contacts**

Counties      Information Technology      Municipalities      Revenue