



- Washington County Government
- City of Hagerstown
- Hagerstown Community College
- Washington Co. Free Library
- Town of Williamsport
- The Greater Hagerstown Committee, Inc.
- Hagerstown-Washington Co. Chamber of Commerce
- Visit Hagerstown (Local Convention & Visitor's Bureau)
- CHIEF (Hagerstown-Washington Co. Industrial Foundation)

Washington County Community Coalition

Lobbyist: John Favazza, Esquire Mannis Canning & Associates 410.263.7882 jfavazza@maniscanning.com

January 14, 2020

The Honorable Guy Guzzone
Chair Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, MD 21401-1991

RE: Senate Bill 121 - Sales and Use Tax - Aircraft Parts and Equipment - Exemption

Dear Chairman Guzzone and distinguished committee members,

The Washington County Community Coalition, representing 9 community partner groups, would like to express their strong support for SB 121 – Aircraft Parts and Equipment – Exemption.

There are a variety of views in regard to tax policy, however there's a universal understanding that Maryland must remain competitive with surrounding states in order to have a strong and growing economy. Over the last decade, all of the states in the mid-atlantic region, except Maryland, have exempted or capped sales tax on aircraft parts. We are confident that legislators in these states shared many of the same concerns in regard to impacts from lost sales tax revenue. However, one state after another made that change, and none of those states have reverted back to taxing aircraft parts.

As a result, Maryland is at a significant competitive disadvantage, taxing this industry while surrounding states do not. A short flight North or South of our airport can mean significant savings to customers and insurance companies needing aircraft maintenance and repair. Our airport has been a major economic development engine for this community, but our repair and maintenance businesses are seeing the negative impacts of our state's taxing policy. Local maintenance and repair businesses at our airport have been forced to reduce jobs as much as 40% due to lost sales since surrounding states began exempting sales tax for aircraft parts. In addition, no new repair businesses have materialized.

Changing the state's tax policy to reflect that of our surrounding states will make Maryland competitive with our neighbors allowing us to grow, attract, and retain more repair and maintenance business at our local airports. The new and expanded companies and the jobs they create will generate new corporate and income tax revenue for our state as well as the indirect benefits from new customers who purchase fuel, eat at restaurants, and purchase other goods and services while their aircraft is repaired. The income tax and corporate taxes generated from new jobs and the secondary benefits from the expansion of this industry in Maryland should more than compensate for any sales tax losses.

In closing, we respectfully ask for your support of SB 121– Aircraft Parts and Equipment – Exemption. Passage of this bill will put Maryland back into a competitive position with our neighbors and bring repair and maintenance business back to our State.

Sincerely,

Paul Frey, *Managing Partner for The Washington County Community Coalition*