



2023-2024 General Assembly

# HOUSE BILL 259: 2023 Appropriations Act, Sec. 42.12: Expand Aviation Sales Tax Exemption So That Parts and Accessories Exemption Aligns with Labor Exemption for Same Type of Aircraft

**Committee:**  
**Introduced by:**  
**Analysis of:** Sec. 42.12 of S.L. 2023-134

**Date:** November 29, 2023  
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Staff Attorney

**OVERVIEW:** Section 42.12 of S.L. 2023-134 aligns the sales tax exemption for parts and accessories used in the repair and maintenance of certain aircraft with the existing sales tax exemption for labor on the same aircraft.

*This section became effective for sales occurring on or after November 1, 2023.*

**CURRENT LAW:** Generally, repair, maintenance, and installation services and service contracts are subject to sales and use tax. There are numerous exceptions, including one for services performed on the following types of aircraft:

- Qualified aircraft (MTOW<sup>1</sup> >9,000 but <15,000 pounds).
- Aircraft with an MTOW of more than 2,000 pounds.
- Qualified jet engine.

Parts and accessories used in the repair and maintenance of the following types of aircraft are also exempt from sales and use tax:

- Commercial aircraft.
- General aviation aircraft with a MTOW >9,000 but <15,000 pounds and over 100,000 pounds.
- Qualified jet engine.

As such, sales of parts and accessories for general aviation aircraft with a MTOW of 2,000-9,000 pounds and 15,000-100,000 pounds are subject to sales and use tax, but repair services for those same aircraft are currently exempt.

**BILL ANALYSIS:** This section aligns the tax treatment of parts and accessories used in the repair and maintenance of certain aircraft with the tax treatment of the repair and maintenance services for the same type of aircraft.

Subsection (b) of this section makes a technical and conforming change to the labor exemption. Currently, sales tax does not apply to repair, maintenance, and installation services and service contracts for following categories:

1. A qualified aircraft.
2. A qualified jet engine.
3. An aircraft with a gross take-off weight of more than 2,000 pounds.

<sup>1</sup> Maximum take-off weight.

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The third category is no longer needed because it will be subsumed within the newly amended definition of "qualified aircraft."

**EFFECTIVE DATE:** This section became effective for sales occurring on or after November 1, 2023.