



## DEPARTMENT OF AUDITS AND ACCOUNTS

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April 13, 2007

Honorable Chip Rogers, Chairman  
Senate Finance Committee  
Coverdell Legislative Office Building, Room 325-B  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
House Bill 193 Substitute  
(LC 14 9745S)

Dear Chairman Rogers:

This bill provides for a partial exemption from the state sales and use tax on certain sales or uses of jet fuel. In addition, the bill provides for an exemption from a certain local sales and use tax on these sales of jet fuel. These exemptions apply only to transactions occurring on or after July 1, 2007, and prior to July 1, 2009.

The Georgia State University Fiscal Research Center provided the following narrative on the revenue impact of this bill:

This legislation would affect the sales taxation of the sales or use of jet fuel by qualifying airlines at airports with in excess of 750,000 takeoffs and landings in a calendar year. Qualifying airlines are authorized by the Federal Aviation Administration or appropriate agency to operate as an air carrier and which provide regularly scheduled flights for the transportation of passengers or cargo for hire. The bill would exempt such sales or use from the first 1.8% of the state sales tax rate of 4.0%. It would effectively exempt sales from 1% of the applicable 3% local government combined sales tax rate. The legislation impacts transactions occurring on or after July 1, 2007 and prior to July 1, 2009.

Annual jet fuel expenditures at affected airports are estimated to equal \$1.568 billion. Thus, the expected decrease in state sales tax revenues is \$28.2 million per fiscal year

for FY 2008 and FY 2009. The expected decrease in local sales tax revenue is \$15.7 million for each fiscal year.

Sincerely,

/s/ Russell W. Hinton  
State Auditor

/s/ Shelley C. Nickel, Director  
Office of Planning and Budget