Testimony to the Joint Committee on Revenue

September 12, 2023

RE: Testimony in support of An Act Relevant to the Repeal of the Sales Tax Exemption for Aircraft (H.2826/S.1758).

Chair Cusack, Chair Moran, and distinguished members of the Joint Committee on Revenue:

Thank you for the opportunity to submit testimony on behalf of the Massachusetts Budget and Policy Center in support of H.2826/S.1758: An Act Relevant to the Repeal of the Sales Tax Exemption for Aircraft.

The bill would end the current sales tax subsidy for private jets and other personal aircraft. The current sales and use tax for aircraft and aircraft parts applies only to those who own aircraft for private use because businesses and nonprofit organizations are separately exempt from sales tax on business purchases.

I urge the Committee to ask why the Commonwealth would take special pains to subsidize private jets and helicopters. We provide no similar special subsidy for personal cars or bicycles. The special preference is fiscally costly, accelerates climate change, and is targeted to those who need it least.

- **Fiscally costly:** According to the Department of Revenue’s Fiscal Year 2024 Tax Expenditure Report, the current special exemption for aircraft and aircraft parts from the sales tax will cost the Commonwealth’s General Fund $26.7 million this year. Every dollar lost to this exemption is a dollar that could be instead invested in public programs or used for other forms of tax reduction.
• **Environmentally destructive**: Air travel burns extraordinarily large volumes of fuel, making it especially harmful to the environment and climate. Traveling by private jets is 10 to 20 times more fuel-intensive than commercial air travel. Exempting aircraft (or their parts and storage) from sales tax subsidizes this form of travel, which accelerates climate change and worsens air quality and noise pollution. Eliminating the tax exemption would better align tax policy with state strategies on climate change.

• **Worsens inequality**: Owning and operating an aircraft for personal use is an expensive luxury. Aircraft owners tend to be very wealthy, especially those who own private jets. Targeting special tax preferences to them increases inequality in the Commonwealth.

We urge the Committee to favorably pass this bill out of Committee.

Sincerely,

Phineas Baxandall  
Policy Director  
Massachusetts Budget and Policy Center