



Governmental Consultant Services Inc.



Michigan Business Aviation Association

MBAA supports House Bills 4350 & 4351

Michigan Tax Policy Places Aircraft Repair Facilities at Competitive Disadvantage

Under current law (MCL 205.94k), only aircraft parts that are used in the repair or maintenance of general aviation aircraft not based or registered in Michigan are exempt from the 6% state sales tax.

MBAA wants to correct this because states surrounding Michigan already exempt **all** general aviation repair parts and maintenance from state sales tax causing Michigan based aircraft owners to take their business outside of the state. For example:

- Indiana: Repealed sales tax on aircraft repair parts and maintenance in 2013.
- Ohio: Created exemption for repair parts and maintenance of general aviation aircraft in 2008.
- Wisconsin: Enacted sales tax exemption for aircraft repair parts and maintenance in 2013.

This means that the nearly 6,000 active general aviation aircraft based in Michigan are encouraged to go out of state for repair and maintenance work.

In fact in 2012, MBAA member Aerospace Services and Products in Hudson began noticing a decline in aircraft parts sales and by 2016, experienced a nearly 30% decline in the sale of taxable aircraft parts sold to Michigan based aircraft owners.

House Bills 4350 and 4351, introduced by Representative Bronna Kahle, will end this discriminatory treatment of Michigan based businesses by exempting **all** repair and maintenance work from the 6% state sales tax. This change will level the playing field and help bring back aviation repair and maintenance work to Michigan —NOT OUT OF STATE!!

Support House Bills 4350 & 4351 to keep aviation jobs in Michigan!