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Pa. House Poised to Hand Out Another Corporate Loophole – This Time for Jets

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If you buy a car, a truck, or any other vehicle in Pennsylvania, you pay sales tax. But if you are one of the wealthy few in the market for a Learjet or a Gulfstream aircraft, you will be able to purchase it tax free under a bill introduced in the state House of Representatives.



House Bill 1100 would exempt the sale of private and corporate aircraft from the state sales and use tax. At a time when average Pennsylvanians are bearing the brunt of cuts in education and other vital services, the bill effectively creates a \$10 million to \$14 million annual taxpayer subsidy for individuals who buy airplanes for recreational purposes and for corporations that upgrade jets for executives.

The Pennsylvania Budget and Policy Center recently released a [policy brief](#) on HB 1100. Here are the highlights:

- This bill is a subsidy to the wealthiest Pennsylvanians. Few middle-class families or small businesses would benefit from it.
- The jets sales tax exemption is a big money loser for the state. It would drain funding from investments that help create jobs and build a strong economy, including transportation, public safety, good public schools and a robust system of higher education.
- There is no accountability to taxpayers if new jobs and economic growth promised by the aircraft industry in exchange for this tax break are not realized. The exemption would have to create 6,500 new jobs, with an average salary of \$50,000, just to pay for itself. This is more than double the number of people currently employed in Pennsylvania's aircraft industry.
- Only two states fully exempt non-commercial aircraft from sales tax, and one of those states — Massachusetts — is trying to get rid of the tax break.
- Tax loopholes are costly and don't create jobs. West Virginia enacted a sales tax exemption for airplane repairs to lure jobs to that state, but it hasn't worked. Pennsylvania, without this tax break, has seven times as many aircraft repair and maintenance companies as West Virginia, employing more than twice as many people.
- This is a tax break that Pennsylvania cannot afford. Should lawmakers spend scarce resources on a tax break for wealthy individuals or for schools, higher education, health care and services for people who are vulnerable?