

## *Aviation Fuel Sales Tax Reallocation*

**Purpose:** Reallocate 1.0% of the Aviation Fuel Sales tax to the State Aeronautics Account.

**Method:** This percentage of aviation fuel tax revenues would be routed to the Aeronautics Account to fund airport preservation, capital improvement projects, and aviation education and workforce development in lieu of being deposited into the General Fund.

**Background:** This solution is a variation of solution #9 developed in the *Airport Investment Solutions Study* that was a recommendation to help close the \$8.4M airport infrastructure funding gap. Buyers of aviation fuel pay a 6.5% state sales tax and up to 3% local tax.

**Objective:** Change the current allocation of the state sales/use tax on aviation fuel as covered in RCW 82.42.090, Tax Proceeds – Disposition – Aeronautics account, by reallocating 1.0% state sales tax on aviation fuel from the state general fund to the state aeronautics account.

The aviation fuel sales tax revenue that is reallocated into the aeronautics account would then be put into airport preservation and capital improvement projects that will assist in leveraging federal and local matching funds, resulting in new tax revenue being deposited in the General Fund. A portion of these funds would also be used to address aviation education and workforce development for Washington State. Funds used for aviation education may not return funds to the General Fund but will help grow the workforce in Washington with high paying jobs.

**Current Situation:** Sales tax collected on the purchase of aviation fuels is deposited entirely in the General Fund.

**More Information:**

- Estimated revenue from the reallocation of 1.0% state sales tax on aviation fuel (Jet A and AVGAS) from the general fund to the aeronautics account is projected at \$2,000,500 for FY19.
- This reallocation allows an aviation tax to support aviation within our state.
- More than doubles the current amount of grant funding available to leverage federal grants and provide matches to airport infrastructure projects.
- Helps close the annual \$8.4M airport infrastructure funding gap