

HB 2029 -- SALES TAX EXEMPTION FOR AIRCRAFT PARTS

SPONSOR: Cierpiot

COMMITTEE ACTION: Voted "Do Pass" by the Special Standing Committee on Small Business by a vote of 17 to 0.

This bill removes the expiration date of January 1, 2015 from the state and local sales and use tax exemption for materials, replacement parts and equipment used for modification, replacement, repair or maintenance of aircraft, aircraft power plants, and aircraft accessories.

PROPOSERS: Supporters say that currently all airplane parts are exempt and this bill just extends that exemption. Airplanes are very mobile and could overfly Missouri without this exemption. The exemption has created hundreds of jobs across Missouri and puts the state on a level playing field with many other states. The major motivation for supporting this bill is the recent announcement of Aviation Technical Services (ATS) on February 1 of the opening of their new maintenance operation at the Kansas City International Airport this April. There is a seven year lease with ATS, valued at \$7 million for 600,000 square feet of space with two 10 year renewal options and \$9.8 million is projected for leasehold improvements and manufacturing machinery and equipment. ATS will hire approximately 540 new employees, with 40 contract workers for the Kansas City International Airport facility within three to five years, with a potential for eventual growth of 1,000 jobs. Average wage for skilled employees will be about \$60,000 per year. ATS is the largest maintenance, repair and overhaul provider on the west coast. ATS describes itself as one of the largest suppliers of Boeing 737 and 757 airframe maintenance in the world. When American acquired TWA, it began to shrink its workforce. Some employees went to other industries, some went without work, some moved out of Missouri, and some are commuting to Tulsa, Chicago, and Indianapolis. This bill will allow this workforce to return to work in Missouri.

Testifying for the bill were Representative Cierpiot; John Bales, Spirit of St. Louis Airport; Aviation Technical Services; Lambert St. Louis International Airport; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Dave Long, Kansas City Aviation Department; Missouri Chamber of Commerce; Greater Kansas City Chamber of Commerce; Gary Sage, Economic Development Corporation of Kansas City; City of Kansas City; and Alicia Stephens, Platte County Economic Development Council.

OPPOSERS: There was no opposition voiced to the committee.