

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *January 9, 2024*

LD 2005 – *“An Act to Eliminate the Aircraft Excise Tax”*

Senator Grohoski, Representative Perry, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 2005, *“An Act to Eliminate the Aircraft Excise Tax.”*

This bill repeals the annual excise tax imposed on aircraft and provides an explicit exemption from the excise tax for aircraft.

It’s not clear why the legislation is needed. The aircraft excise tax is collected and retained by the municipality or the county, depending on where the aircraft is based, and the repeal will result in a revenue loss for those entities.

In addition, the enactment of the excise tax exemption, which results in a corresponding property tax exemption, may trigger the 50% State reimbursement requirement under the Maine Constitution, article IV, section 23. Additional research would be required to determine whether reimbursement is required.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.