



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 172**  
**135<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 172's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sen. Brenner

**Local Impact Statement Procedure Required:** Yes

Lin Kong, Budget Analyst

### **Highlights**

- The bill would exempt sales of manned aircrafts from sales and use tax (SUT), where manned aircraft refers to a device that is manned and is used or intended to be used for flight in the air.
- LBO estimates it likely that the bill will cost tens of millions of dollars in the form of foregone GRF revenue with substantial variability from year to year.
- Counties and transit authorities also levy a SUT, and the statewide revenue loss for those local jurisdictions would equal approximately one-fourth of the GRF loss.

### **Detailed Analysis**

The bill would exempt sales of manned aircrafts from sales and use tax (SUT), where manned aircraft refers to a device that is manned and is used or intended to be used for flight in the air.

#### **Fiscal analysis**

LBO finds it likely that the bill's SUT exemption will cost tens of millions of dollars in the form of foregone GRF revenue with substantial variability from year to year. A portion of the GRF losses would be shared amongst the Local Government Fund (LGF) and Public Library Fund (PLF). Counties and local transit authorities levy a local sales tax, which has the same base as the state tax. As such, this exemption would also reduce local tax collections by an undetermined amount.

LBO is unaware of a definitive source for the number of aircrafts sold in Ohio on an annual basis, nor could staff find consistent prices for those new and used aircrafts. The Department of Taxation told LBO staff that it is unable to tally the SUT directly collected from newly purchased aircrafts. Aircraft sales appear to vary greatly from year to year, and the price of an aircraft

entirely depends on the kind of aircraft that is bought. As such, the exact fiscal impact of this bill is unknown, and the actual cost may deviate from our analysis.

## **Background**

Purchases of aircrafts are generally subject to the Ohio sales and use tax. If the aircraft is purchased in another state, but brought to Ohio and stored in an Ohio hangar, the purchase is still subject to the Ohio use tax (unless it qualifies under “casual sale” exemption). Owners of aircrafts that are based in Ohio must register their aircraft with the Ohio Department of Transportation, and as of 2023 there are a total of 6,674 registered aircrafts. However, that total number is a cumulative amount and does not provide any indication of yearly registration patterns. Continuing law contains a notable exemption to the sales tax in that an aircraft purchased for use as a rental would not be subject to the sales tax. However, if the purchaser provides their own pilot for the customer’s rental, it would instead be regarded as a charter service and therefore subject to the Ohio sales and use tax.