

Cosponsor the State and Local General Sales Tax Protection Act

By Rep. Grace F. Napolitano

Deadline to Original Cosponsor: COB, Monday, Jan 23rd

Contact: Melvin Sanchez, Melvin.Sanchez@mail.house.gov

Re-establish Congressional intent and 27 years of federal policy to protect state and local general sales tax revenues.

Dear Colleague:

I respectfully request your cosponsorship of the State and Local General Sales Tax Protection Act. This is the same bill that was introduced last Congress as H.R. 3618. The bill reestablishes Congressional intent that general sales taxes that include aviation fuel are not subject to the same restrictions as excise taxes on aviation fuel.

Background

In 1987 Congress passed the FAA authorization amendments that required airports to spend aviation fuel excise tax revenue on airport uses. The conference report for the 1987 amendments to the FAA statute (H.R. Conf. Rept. No. 484, 100th Cong., 1st Sess. 1987 accompanying P.L. 100-223) clearly stated that the requirement that local taxes on aviation fuel must be spent on airports “is intended to apply to local fuel taxes only, **and not to other taxes imposed by local governments, or to state taxes.**”

2014 FAA Change of Policy

On December 8, 2014 (79 FR 66282), FAA made a policy change that contradicts the Congressional intent and 27 years of practice by saying that “*the agency interpreted the provisions of Sections 47107(b) and 47133 to apply to any state or local tax on aviation fuel, whether the tax was specifically targeted at aviation fuel or was a general sales tax on products that included aviation fuel without exemption.*”

Concerns

The 2014 policy change is contrary to states’ rights and is an assault on state and local control of their general application sales tax measures. In some states, local government sales taxes are voter approved for specific purposes such as transportation, public safety, and health services. This policy change overturns the decision of local voters in taxing themselves for specific purposes.

In California alone, this policy change would divert \$17 million away from State law enforcement purposes and \$17 million away from State health and social programs annually, according to the California State Board of Equalization (BOE). CA BOE estimates that an additional \$24 million per year in local general sales taxes will be diverted away from their voter-approved purposes such as local transportation, first responders, and education.

Solution

The State and Local General Sales Tax Protection Act will re-establish 27 years of FAA interpretation by clarifying Congress' original intent that general sales taxes are not subject to airport spending requirements as are excise taxes.

If you would like to cosponsor or if you have questions, please contact Melvin Sanchez on my staff at Melvin.Sanchez@mail.house.gov.

Thank you for your consideration of this common sense legislation to remove this burden from states, local governments, and our taxpayers.

Sincerely,

Grace F. Napolitano
Member of Congress