

STATE OF COLORADO

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John W. Hickenlooper
Governor

June 5, 2018

The Honorable Colorado House of Representatives
State Capitol
200 E. Colfax Ave.
Denver, CO 80203

Dear Members of the Colorado House of Representatives:

Today, I vetoed House Bill 18-1083, "Concerning a Sales and Use Tax Exemption for Aircraft to be Used by On-demand Air Carriers." at 3:11 PM House Bill 18-1083 ("HB 18-1083") creates a new state sales and use tax exemption for purchases of on-demand aircrafts. The bill also allows for municipal and county governments to exempt privately purchased aircrafts from local sales and use tax.

The bill's proponents contend that exempting privately purchased aircrafts from sales and use taxes will create jobs in Colorado and prevent certain private aircraft owners from purchasing and storing planes in other states. We are unpersuaded by that argument as stronger data was not presented demonstrating this bill will lead to greater aircraft purchases - specifically, purchases that would not have otherwise occurred in the absence of this bill - and private aircrafts stored in Colorado. We believe that a more comprehensive analysis of tax policy around aircrafts is warranted.

More importantly, we question whether HB 18-1083 represents the best use of taxpayer dollars. Notwithstanding the strength of the economy and a solid budget, the core priorities of the State have ongoing needs. While much progress was made this year, we still have a multi-billion transportation shortfall and nearly \$700 million yet to buy down the K-12 Budget Stabilization factor. Furthermore, though very good news, the General Fund reserve grew a mere three quarters of a point from 6.5 percent to 7.25 percent. Given these needs, we disagree that a new tax exemption should be adopted at this time.

Accordingly, House Bill 18-1083 is vetoed.

Sincerely,

John W. Hickenlooper
Governor