

Senate Finance & Taxation Committee

March 23, 2021

Senator Jessica Bell, Chair

Senator Jordan Kannianen, Vice-Chair

Introduction of HB 1214 --- C Schreiber-Beck, District 25 Representative

HB1214 stemmed from the tax department's recent interpretation related to the collection of taxes on express and air transportation companies. In 57-32 the tax department was annually assessing property taxes on airline transportation companies in lieu of registration fees and sales and use tax. As the tax commissioner followed the valuation process, the tax has been centrally assessed and computed by the agency and then dispersed to the appropriate commercial service airport.

In the summer of 2020, United Airlines for the first time, stated that the company did not have scheduled landings in North Dakota since they hired the regional carrier "SkyWest" to perform the landings for them. The tax department agreed with this interpretation since the regional carrier operated under a different Federal Employer Identification Number than United Airlines. Additionally, the tax department deemed the local municipality would collect the tax due.

The language in HB1214 resulted following multiple meetings of the ND Aeronautics Commission, representatives from commercial service airports, and the tax department. The proposed amendment was an unanimously agreed upon solution by all eight of the commercial service airports in North Dakota.

Essentially the bill provides a more comprehensive definition of an air carrier transportation company which would include the regional carrier and would continue to ensure that the air transportation companies are assessed appropriately for the property that they rent from our airports.

I respectfully request the committee's favorable consideration of HB 1214.

Thank you.