

# DEPARTMENT OF TAXATION

## 2026 Fiscal Impact Statement

1. **Patron** Isreal D. O'Quinn

3. **Committee** House Finance

4. **Title** Virginia aircraft sales and use tax; exception for dealers

2. **Bill Number** HB 1474

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would exempt the sale or use of any aircraft by a dealer from the Aircraft Sales and Use Tax ("ASUT"). The bill would also revoke the ability of commercial aircraft dealers to elect to be taxed on their monthly gross receipts from the rental or use of aircraft.

Under current law, commercial dealers can elect to be taxed on their monthly gross receipts from the rental or use of aircraft. Absent such an election, dealers are subject to ASUT on their use of aircraft.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

### 8. **Fiscal implications:**

#### Administrative Costs

This bill would have no impact on local administrative costs.

The Department of Taxation ("the Department") considers this bill as routine, and does not require additional funding.

This legislation does not require significant changes to the Department's systems and is not impacted by the first phase of the Integrated Revenue Management System (IRMS) replacement project. No resource constraints or implementation considerations are anticipated.

## Revenue Impact

This bill would have no impact on local revenues.

This bill would have an unknown negative impact on state revenues. Total ASUT revenues for Fiscal Year 2025 were \$9.3 million.

### **9. Specific agency or political subdivisions affected:**

Department of Taxation  
Department of Aviation

### **10. Technical amendment necessary: No.**

### **11. Other comments:**

#### Aircraft Sales and Use Tax

The Aircraft Sales and Use Tax is levied upon the sale or use of aircraft that are subject to registration in the Commonwealth. The tax is remitted by the purchaser or user of the aircraft upon registration of the aircraft with the Department of Aviation.

The two percent tax is currently levied on either:

- (1) The sale price of each aircraft sold in the Commonwealth;
- (2) The sale price of each aircraft not sold in the Commonwealth but required to be licensed for use in the Commonwealth. However, if the aircraft is licensed in the Commonwealth six months or more after its acquisition, the tax shall be two percent of the market value of such aircraft at the time it is licensed or two percent of the purchase price thereof, whichever is lower; or
- (3) The monthly gross receipts from the lease, charter or other use of any aircraft licensed for commercial use and held for sale by a dealer who has elected to be taxed based on monthly gross receipts.

Under current law, “dealer” means any person owning five or more aircraft during the calendar year who the Commissioner finds is in the regular business of selling aircraft.

#### Proposal

This bill would provide the sale or use of any aircraft by a dealer is exempt from ASUT. The bill would also revoke the ability of commercial aircraft dealers to elect to be taxed on their monthly gross receipts from the rental or use of aircraft. Accordingly, this bill would allow dealers to charter, rent, or use aircraft exempt from ASUT.

“Dealer” means any person owning five or more aircraft during the calendar year who the Commissioner finds is in the regular business of selling aircraft. The bill would not amend this definition.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

cc : Secretary of Finance

Date: 02/08/2026 VB  
HB1474F161