

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT**  
**LEGISLATIVE RESEARCH COMMISSION**  
**2026 REGULAR SESSION**

**MEASURE**

2026 BR NUMBER 1519

HOUSE BILL NUMBER 262

**TITLE** AN ACT relating to an exemption of sales and use tax for aircraft.

**SPONSOR** Representative Kim Holloway

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE  STATE EMPLOYEE HEALTH PLAN IMPACT

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

FISCAL ESTIMATES	2025-2026	2026-2027	2027-2028	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$1,800,000)	(\$2,200,000)	(\$2,200,000)
EXPENDITURES				
NET EFFECT		(\$1,800,000)	(\$2,200,000)	(\$2,200,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** HB 262 exempts from sales and use tax gross receipts from aircraft sold and delivered in this state to a resident of another state. The aircraft must be purchased for usage outside of the state, not be registered or based in the state, and be transported out of the state within thirty days of purchase.

**FISCAL EXPLANATION:** Based on general aviation (GA) transaction volume data, Federal Aviation Administration (FAA) aircraft registration data, and FAA aircraft valuation data, HB 262 is estimated to decrease General Fund revenues by approximately \$1.8 million in FY 27 and \$2.2 million in FY 28.

National data indicate approximately 4,977 annual GA aircraft sales. Because data on piston-engine aircraft sales is not available, piston-engine inventory at dealers and brokers data was used as a proxy for sales. This data includes only aircraft sold through a dealer or broker. Private party sales are not included in this analysis since their sale would fall under the “occasional sale” exemption under KRS 139.470. The 4,977 annual GA aircraft sales represent approximately 2.4 percent of the total US GA FAA registrations. Applying this transaction rate to Kentucky’s estimated 2,755 FAA registered aircraft results in an estimated 65 aircraft sales annually in

Kentucky that would potentially qualify for the exemption in HB 262. It is further assumed that each of these 65 aircraft sales are purchased by non-residents, registered in a state other than Kentucky, and transported out of the state within thirty days of the purchase. In the absence of data on inter- and intra-state sales, it was assumed that all sales were to non-residents and registered and transported out of state.

Based on 2024 FAA data on average aircraft value by engine type, the weighted average aircraft value is estimated to be \$562,000. Based on this average aircraft value, it is estimated that the 65 aircraft sold have a total value of approximately \$36.5 million. Applying the 6 percent sales tax rate results in a decrease in General Fund collections of approximately \$2.2 million in FY 28. Given the effective date of August 1, 2026, only 10 months of foregone revenue is recognized in FY 27.

These estimates assume constant aircraft transaction volume, fleet size, and valuation across the biennium. These estimates also assume that all sales are to non-residents who transport the aircraft out of state. Actual revenues may vary based on the mix of aircraft sold, transaction timing, and market conditions.

**DATA SOURCE(S): Federal Aviation Administration, JetNet, Sandhills Global**

**PREPARER: Jonathan Roenker NOTE NUMBER: 58 REVIEW: JMR DATE: 2/12/2026**