

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, JUNE 14, 2010 6:00 P.M.
ADMINISTRATION CONFERENCE ROOM
2ND FLOOR, CITY HALL
250 N. 5TH STREET**

1. **Economic Development Committee Report – West Star Aviation** [*Attach 1*](#)

**Attach 1
Weststar Aviation Request**

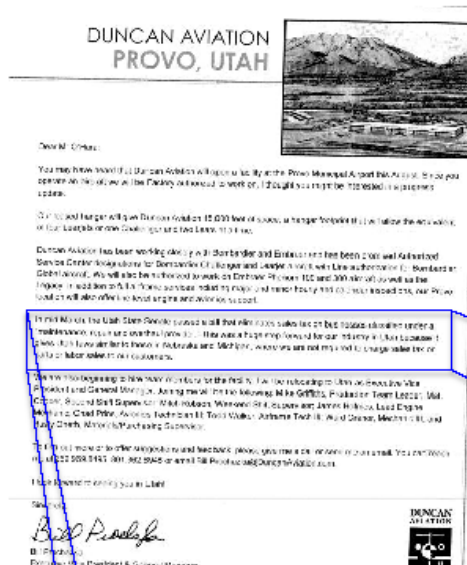
Tax Environment						
Summary Comparison Grand Junction, Colorado and Provo, Utah						
	<u>State of Colorado</u>	<u>Mesa County</u>	<u>Grand Junction, CO</u>		<u>State of Utah</u>	<u>Provo, Utah</u>
Corporate Income Tax	4.63%	n/a	n/a		5%	n/a
Sales Tax on Aviation Fuel (1)	2.90%	1.00%	2.75%		none	none
Excise Tax on Aviation Fuel:						
Non-Turbo/Non-Jet	6.00%		n/a		9.00%	none
Turbo/Jet	4.00%					
Sales Tax on Parts for private aircraft (not a common carrier)	exempted early 80's	exempted early 80's	2.75%		exempted July 2010	
Enterprise Zone Incentives	yes	n/a	n/a		yes	Provo not inside Utah State enterprise zone
Investment Tax Credit	3% of equipment purchases					n/a
Job Training Tax Credit	10% of qualified training expenses					n/a
New Business Facility Tax Credit(2)	ranges \$500-\$1,000 for each new job					n/a
R&D Increase Tax Credit	3% of new expenses					n/a
Vacant Building Rehabilitation	25% of rehab expenses					n/a
Manufacturing/Mining Sales and Use Tax	exemption					n/a
Contributions to Enterprise Zone Projects						n/a
(1) Sales tax is charged on aviation fuel used in private aircraft. Fuel used in common carriers is exempt.						
(2) Includes jobs credit, ag processing jobs credit, and health insurance credit						



Sales Tax Situation



Direct Mail Marketing



Duncan is attacking us right where we (WSA) can do anything about it!

In mid-March, the Utah State Senate passed a bill that eliminates sales tax on businesses classified under a "maintenance, repair and overhaul provider." This was a huge step forward for our industry in Utah because it gives Utah laws similar to those in Nebraska and Michigan, where we are not required to charge sales tax on parts or labor sales to our customers.



Competitive Environment

Duncan Aviation

Direct Competitor

Similar Capability

Closest Competitor

Lincoln, NE & Provo, UT both offer sales tax free environment

Problem Statement: Strongest competitor now has facilities on both sides of GJT both with no state or local sales tax.



Competitive Environment



West Star Taxes

- In Fiscal Year 2009
 - WSA Paid ~\$326,000
 - Fuel & OTC Parts Sales Tax Paid ~\$81,000
 - Work Order Sales Tax Paid ~\$245,000
 - WSA is not asking for relief on Fuel Sales Taxes
 - WSA is not asking for relief on OTC Parts Sales



Impacts

- Competitive pressure could result in:
 - Conservatively, 30 jobs lost @ \$50,000/year/job
 - Financial Impact over five years of:
 - Payroll loss of \$8,011,606
 - City Revenue of \$61,490
 - Total Direct Economic Benefit (loss) to city (\$6,110,253)
 - Total Indirect Economic Benefit (loss) to city (\$22,239,758)

