

Task force unclear on funding airports after corporate tax break

This is the second of a three-part series about a special tax break state officials gave FedEx last year.

Tennessee's 79 airports will likely suffer a major funding loss in two to three years because of a special tax break on jet fuel state officials bestowed on FedEx out of Memphis last year.

What FedEx had paid out went into what's called the state's Transportation Equity Fund.

No one can say with certainty if alternative funding is on its way or, assuming there is, where precisely that money is coming from. They also can't say why it's fine to give FedEx a tax break but, at the same time, not lower taxes for everybody else who pays for jet fuel in the state.

As reported, FedEx officials didn't like a state law requiring them to pay taxes to help upkeep those 79 airports. They lobbied for a tax break, a \$10.5 million cap on the amount of jet fuel they pay, which state officials granted last year.

Tennessee officials then formed a task force comprised of 15 members, including state legislators, business owners and people from the aviation industry, among others, to find alternative funding.

Their suggestions thus far include making airport users pay new taxes or redirecting other tax revenue to Tennessee's

Department of Transportation. Task force members created an economic development fund to collect money for airports, but TDOT spokeswoman B.J. Doughty said the fund thus far has no money.

Bob Mullins, one of five commissioners on Tennessee's Aeronautics Commission, said he and his colleagues hear nothing about the task force's progress.

"They don't ask us or tell us anything," Mullins said.

Commissioners are tasked with advising state officials about all things aviation.

Rep. Mark White, R-Memphis, who helped push for the FedEx tax break, said he didn't know the latest about what progress task force members had made and said he would call state officials to find out.

Tennessee Watchdog asked Smyrna/Rutherford County Airport Director John Black, who is on the task force, where money to fill the economic development fund will come from.

"That is a question mark," Black said.

"We don't know."

Black did say, however, that he and other task force members might charge an environmental tax on airports to help pay for airport maintenance needs.

Jo Ann Speer, who manages the Everett-Stewart Airport in Union City, and serves on the task force, said her colleagues are also considering a 1 percent tax on petroleum.

Tennessee Economic and Community Development Commissioner Randy Boyd chairs the task force, which has met three times between October 2015 and January 2016, Doughty said.

The task force has also suggested three other ideas. They include converting the aviation fuel tax from a percentage tax to a cents-per-gallon tax, creating a revolving loan fund, and redirecting aviation-related sales and use tax revenue, Doughty said.

When asked why the state just can't lower jet fuel taxes for everybody, Mullins said "it depends on who wants to come to our state and will it bring more people in?"

White, meanwhile, said it's something he and his colleagues in the legislature might examine in the future.

As reported, the state's jet fuel tax is 4.5 cents a gallon. The revenue from that tax goes to the state's 79 airports, many of which are small, in rural areas and cater to businessmen and women who fly in on private jets.

Some of the people who run those airports rely on the money for maintenance and lighting needs, among other things. The state, airport officials say, quickly pushed the tax break through but failed to consult with airport officials.

In 2014, FedEx paid \$32 million of the \$48 million in jet fuel taxes the state received.

Last year, Doughty said the state collected \$35.7 million and has thus far collected \$24 million this fiscal year. She said the decrease in revenue is due to a decline in fuel prices.

White said FedEx pays 75 percent to 80 percent of what goes into the Transportation Equity Fund, and company officials felt they were treated unfairly.

Tennessee, as reported last year, charges a higher tax on aviation fuel than most surrounding states.

Contact Christopher Butler at chris@tennesseewatchdog.org

Follow Tennessee Watchdog and receive regular updates through [Facebook](#) and [Twitter](#)

Follow Chris Butler on his professional Facebook page [Chris Butler Writer/Journalist](#)

