Here's the Tax Beat broadcast for June 10

Subject Line: Hidden in Plane Sight

Every year on the first Tuesday after the Fourth of July, something strange happens to a tiny airport in Hailey, Idaho. On a normal day, Friedman Memorial sees a handful of flights. But for one week, the tarmac fills with somewhere between 160 and 190 private jets. It's more than double the usual traffic, enough to trigger FAA delays – at a field surrounded by cattle and potato farms. The planes belong to the people you'd expect: Tim Cook, Jeff Bezos, Bob Iger, Oprah, Mike Bloomberg, and a rotating cast of media and tech royalty.

They're all there for the Allen & Company Sun Valley Conference, the secretive boutique-bank schmoozefest that's been running since 1983 and earned the nickname "summer camp for billionaires." It's four days of hiking, rafting, golf, Patagonia vests, and closed-door dealmaking. The AOL-Time Warner merger was reportedly hatched there. So was Disney's purchase of ABC and Comcast's grab of NBCUniversal.

Here's the thing about all those jets, though. Every one of them has a tail number, a registered owner, and an address on file. And thanks to a little broadcast box called ADS-B — the safety transponder that tells air traffic control where a plane is — every one of them leaves a trail showing exactly where it takes off, lands, and spends its nights.

Which brings us to the tax angle, and a fight happening in Congress right now.
For years, the savviest jet owners have played a shell game. You don't buy the plane yourself. You form an LLC in states with no sales tax like Montana, Delaware, or Oregon, and let the LLC "own" the aircraft. On paper, your $60 million Gulfstream is a proud resident of Big Sky Country. In reality, it lives in a hangar in Van Nuys and flies you to Aspen on weekends.

The problem? Registering a plane in Montana doesn't make your home state's tax disappear. Nearly every state charges a use tax — the quiet companion to sales tax — on property that's based or used within its borders, no matter where the title says it lives. So that "Montana" jet parked in California still owes California use tax. The out-of-state LLC isn't clever avoidance; once the plane actually lives somewhere else, it's evasion. And evasion has a much worse seat assignment.

Politico reports that if 1,000 jet owners register $3.5 billion worth of their planes in Delaware instead of L.A., the county loses around $35 million a year in property tax. So – how do assessors catch it? They watch where the planes fly. That ADS-B data shows a "Delaware" jet spending 300 nights a year in Los Angeles County, and now LA knows to send a tax bill. So naturally, a provision has appeared — tucked, of course, inside an air-safety bill — that would block tax officials from using that flight data at all. Republicans say the data should serve safety, not assessors. Democrats say it's how counties collect what they're owed. Both can be right, and the jets keep flying either way.

Here's what gets lost in the food fight: there's a perfectly legal version of all this. A genuine business aircraft can qualify for 100% bonus depreciation under §168(k), restored in last year's tax bill, if you clear the listed-property rules in §280F and actually use the plane more than half the time for business. That's *planning*. A sham Montana LLC for a jet that never sees Montana is just turbulence waiting to happen.

You don't need a Gulfstream or an invitation to Sun Valley to fly under the radar legally — you just need a flight plan that holds up when someone checks the tail number. That's the one we're cleared to file for you!

Kevin