

Act No. 477
Public Acts of 1996
Approved by the Governor
December 23, 1996
Filed with the Secretary of State
December 26, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Profit and Bullard

ENROLLED HOUSE BILL No. 5506

AN ACT to amend section 4k of Act No. 94 of the Public Acts of 1937, entitled as amended "An act to provide for the levy, assessment and collection of a specific excise tax on the storage, use or consumption in this state of tangible personal property and certain services; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act," as amended by Act No. 11 of the Public Acts of 1995, being section 205.94k of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 4k of Act No. 94 of the Public Acts of 1937, as amended by Act No. 11 of the Public Acts of 1995, being section 205.94k of the Michigan Compiled Laws, is amended to read as follows:

Sec. 4k. (1) The tax levied under this act does not apply to parts and materials, excluding shop equipment or fuel, affixed to or to be affixed in this state to an aircraft owned or used by a domestic air carrier that is any of the following:

(a) An aircraft for use solely in the transport of air cargo that has a maximum certificated takeoff weight of at least 12,500 pounds for taxes levied before January 1, 1997 and at least 6,000 pounds for taxes levied after December 31, 1996.

(b) An aircraft that is used solely in the regularly scheduled transport of passengers.

(c) An aircraft other than an aircraft described in subdivision (b), that has a maximum certificated takeoff weight of at least 12,500 pounds for taxes levied before January 1, 1997 and at least 6,000 pounds for taxes levied after December 31, 1996, and that is designed to have a maximum passenger seating configuration of more than 30 seats and used solely in the transport of passengers.

(2) For taxes levied after December 31, 1992 and before May 1, 1999, the tax levied under this act does not apply to the storage, use, or consumption of rolling stock used in interstate commerce and purchased, rented, or leased outside of this state by an interstate motor carrier. A refund for taxes paid before January 1, 1997 shall not be paid under this subsection if the refund claim is made after June 30, 1997.

(3) For taxes levied after December 31, 1996 and before May 1, 1999, the tax levied under this act does not apply to the product of the out-of-state usage percentage and the price otherwise taxable under this act of a qualified truck or a trailer designed to be drawn behind a qualified truck, purchased, rented, or leased in this state by an interstate motor carrier and used in interstate commerce.

(4) As used in this section:

(a) "Domestic air carrier" is limited to entities engaged in the commercial transport for hire of cargo or entities engaged in the commercial transport of passengers as a business activity.

(b) "Interstate motor carrier" means a person engaged in the business of carrying persons or property, other than themselves, their employees, or their own property, for hire across state lines, whose fleet mileage was driven at least 10% outside of this state in the immediately preceding tax year.

(c) "Out-of-state usage percentage" is a fraction, the numerator of which is the number of miles driven outside of this state in the immediately preceding tax year by qualified trucks used by the taxpayer and the denominator of which is the total miles driven in the immediately preceding tax year by qualified trucks used by the taxpayer. Miles driven by qualified trucks used solely in intrastate commerce shall not be included in calculating the out-of-state usage percentage.

(d) "Qualified truck" means a commercial motor vehicle power unit that has 2 axles and a gross vehicle weight rating in excess of 10,000 pounds or a commercial motor vehicle power unit that has 3 or more axles.

(e) "Rolling stock" means a qualified truck, a trailer designed to be drawn behind a qualified truck, and parts affixed to either a qualified truck or a trailer designed to be drawn behind a qualified truck.

Section 2. Not later than January 1, 1998, the state treasurer shall report to the House tax policy committee and the Senate finance committee on the effects of this amendatory act. The report shall include an estimate of the amount of use tax revenue foregone as a result of this amendatory act and an explanation of how the estimate was determined. The report shall also contain an analysis of the effect of this amendatory act on aircraft maintenance employment within this state, including an estimate of the number of aircraft maintenance jobs created or maintained and an explanation of the methodology for obtaining that estimate.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.