

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 437

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4x (MCL 205.54x), as amended by 2001 PA 40.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4x. (1) A person subject to the tax under this act may
2 exclude from the gross proceeds used for the computation of this
3 tax sales to a domestic air carrier OR, BEGINNING JANUARY 1,
4 1996, TO A PERSON FOR LEASE TO A DOMESTIC AIR CARRIER OPERATING
5 UNDER A CERTIFICATE FOR ON DEMAND CHARTER ISSUED BY THE FEDERAL
6 AVIATION ADMINISTRATION UNDER 14 C.F.R. 135 of 1 or more of the
7 following:

8 (a) An aircraft that has a maximum certificated takeoff
9 weight of at least 6,000 pounds for use solely in the transport
10 of air cargo, passengers, or a combination of air cargo and
11 passengers.

SB437, As Passed House, December 13, 2002

Senate Bill No. 437

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1 (b) Parts and materials, excluding shop equipment or fuel,
2 affixed or to be affixed to an aircraft that has a maximum cer-
3 tificated takeoff weight of at least 6,000 pounds for use solely
4 in the transport of air cargo, passengers, or a combination of
5 air cargo and passengers.

6 (2) A person subject to the tax under this act may exclude
7 from the gross proceeds used for the computation of this tax
8 sales of an aircraft to a person for subsequent lease to a domes-
9 tic air carrier operating under a certificate issued by the fed-
10 eral aviation administration under 14 C.F.R. 121, for use solely
11 in the regularly scheduled transport of passengers.

12 (3) As used in this section, "domestic air carrier" is
13 limited to entities engaged primarily in the commercial transport
14 for hire of air cargo, passengers, or a combination of air cargo
15 and passengers as a business activity.

16 (4) THE STATE TREASURER SHALL DETERMINE NOT LATER THAN
17 JANUARY 1 EACH YEAR THE AMOUNT OF REVENUE LOST FROM THE STATE
18 SCHOOL AID FUND IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR
19 BECAUSE OF THE EXEMPTION UNDER SUBSECTION (1) RESULTING FROM A
20 LEASE TO A DOMESTIC AIR CARRIER OPERATING UNDER A CERTIFICATE FOR
21 ON DEMAND CHARTER ISSUED BY THE FEDERAL AVIATION ADMINISTRATION
22 UNDER 14 C.F.R. 135, AND SHALL IMMEDIATELY DEPOSIT THAT AMOUNT
23 FROM THE STATE GENERAL FUND INTO THE STATE SCHOOL AID FUND.