

**SUBSTITUTE FOR  
HOUSE BILL NO. 4855**

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4x (MCL 205.54x), as amended by 2004 PA 173.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 4x. (1) A sale to a domestic air carrier of 1 or more of  
2 the following is exempt from the tax under this act:

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

6           (b) Parts and materials, excluding shop equipment or fuel,  
7 affixed or to be affixed to an aircraft that has a maximum  
8 certificated takeoff weight of at least 6,000 pounds for use solely  
9 in the transport of air cargo, passengers, or a combination of air

1 cargo and passengers.

2 (2) THE TAX LEVIED UNDER THIS ACT DOES NOT APPLY TO THE SALE  
3 OF PARTS OR MATERIALS, EXCLUDING SHOP EQUIPMENT OR FUEL, AFFIXED OR  
4 TO BE AFFIXED TO AN AIRCRAFT THAT MEETS ALL OF THE FOLLOWING  
5 CONDITIONS:

6 (A) THE AIRCRAFT LEAVES THIS STATE WITHIN 15 DAYS AFTER THE  
7 SOONER OF THE ISSUANCE OF THE FINAL BILLING OR AUTHORIZED APPROVAL  
8 FOR FINAL RETURN TO SERVICE, COMPLETION OF THE MAINTENANCE RECORD  
9 ENTRY, AND COMPLETION OF THE TEST FLIGHT AND GROUND TEST FOR  
10 INSPECTION AS REQUIRED UNDER 14 CFR 91.407.

11 (B) THE AIRCRAFT WAS NOT BASED IN THIS STATE OR REGISTERED IN  
12 THIS STATE BEFORE THE PARTS OR MATERIALS ARE AFFIXED TO THE  
13 AIRCRAFT AND THE AIRCRAFT IS NOT BASED IN THIS STATE OR REGISTERED  
14 IN THIS STATE AFTER THE PARTS OR MATERIALS ARE AFFIXED TO THE  
15 AIRCRAFT.

16 (3) THE TAX LEVIED UNDER THIS ACT DOES NOT APPLY TO THE SALE  
17 OF AN AIRCRAFT TEMPORARILY LOCATED IN THIS STATE FOR THE PURPOSE OF  
18 PREPURCHASE EVALUATION OR THE PURPOSE OF PREPURCHASE EVALUATION AND  
19 POSTSALE CUSTOMIZATION IF ALL OF THE FOLLOWING CONDITIONS ARE  
20 SATISFIED:

21 (A) THE AIRCRAFT LEAVES THIS STATE WITHIN 15 DAYS AFTER  
22 AUTHORIZED APPROVAL FOR FINAL RETURN TO SERVICE, COMPLETION OF THE  
23 MAINTENANCE RECORD ENTRY, AND COMPLETION OF THE TEST FLIGHT AND  
24 GROUND TEST FOR INSPECTION AS REQUIRED UNDER 14 CFR 91.407.

25 (B) THE AIRCRAFT WAS NOT BASED IN THIS STATE OR REGISTERED IN  
26 THIS STATE BEFORE THE PREPURCHASE EVALUATION OR PREPURCHASE  
27 EVALUATION AND POSTSALE CUSTOMIZATION ARE COMPLETED AND THE

1 AIRCRAFT IS NOT BASED IN THIS STATE OR REGISTERED IN THIS STATE  
2 AFTER THE PREPURCHASE EVALUATION OR PREPURCHASE EVALUATION AND  
3 POSTSALE CUSTOMIZATION ARE COMPLETED.

4 (4) ~~-(2)-~~ A sale of an aircraft to a person for subsequent  
5 lease to a domestic air carrier operating under a certificate  
6 issued by the federal aviation administration under 14 CFR 121, for  
7 use solely in the regularly scheduled transport of passengers is  
8 exempt from the tax under this act.

9 (5) ~~-(3)-~~ As used in this section: ~~—~~ "domestic

10 (A) "BASED IN THIS STATE" MEANS HANGARED OR STORED IN THIS  
11 STATE FOR NOT LESS THAN 10 DAYS IN NOT LESS THAN 3 NONCONSECUTIVE  
12 MONTHS DURING THE IMMEDIATELY PRECEDING 12-MONTH PERIOD.

13 (B) "DOMESTIC air carrier" is limited to entities engaged  
14 primarily in the commercial transport for hire of air cargo,  
15 passengers, or a combination of air cargo and passengers as a  
16 business activity.

17 (C) "PREPURCHASE EVALUATION" MEANS AN EXAMINATION OF AN  
18 AIRCRAFT TO PROVIDE A POTENTIAL PURCHASER WITH INFORMATION RELEVANT  
19 TO THE POTENTIAL PURCHASE.

20 (D) "POSTSALE CUSTOMIZATION" MEANS ANY IMPROVEMENT,  
21 MAINTENANCE, OR REPAIR THAT IS PERFORMED ON AN AIRCRAFT FOLLOWING A  
22 TRANSFER OF OWNERSHIP OF THE AIRCRAFT.