

HOUSE BILL No. 4375

February 19, 2009, Introduced by Reps. Warren, Angerer, Smith and Byrnes and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4x (MCL 205.54x), as amended by 2006 PA 17.

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
10 cargo and passengers.

1 (2) The tax levied under this act does not apply to the sale
2 of parts or materials, excluding shop equipment or fuel, affixed or
3 to be affixed to an aircraft that meets all of the following
4 conditions:

5 (a) The aircraft leaves this state within 15 days after the
6 sooner of the issuance of the final billing or authorized approval
7 for final return to service, completion of the maintenance record
8 entry, and completion of the test flight and ground test for
9 inspection as required under 14 CFR 91.407.

10 (b) The aircraft was not based in this state or registered in
11 this state before the parts or materials are affixed to the
12 aircraft and the aircraft is not based in this state or registered
13 in this state after the parts or materials are affixed to the
14 aircraft.

15 (3) The tax levied under this act does not apply to the sale
16 of an aircraft temporarily located in this state for the purpose of
17 prepurchase evaluation or the purpose of prepurchase evaluation and
18 postsale customization if all of the following conditions are
19 satisfied:

20 (a) The aircraft leaves this state within 15 days after
21 authorized approval for final return to service, completion of the
22 maintenance record entry, and completion of the test flight and
23 ground test for inspection as required under 14 CFR 91.407.

24 (b) The aircraft was not based in this state or registered in
25 this state before the prepurchase evaluation or prepurchase
26 evaluation and postsale customization are completed and the
27 aircraft is not based in this state or registered in this state

1 after the prepurchase evaluation or prepurchase evaluation and
2 postsale customization are completed.

3 (4) A sale of an aircraft **THAT HAS A MAXIMUM CERTIFICATED**
4 **TAKEOFF WEIGHT OF AT LEAST 6,000 POUNDS** 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, **AIR**
8 **CARGO, OR A COMBINATION OF PASSENGERS AND AIR CARGO** is exempt from
9 the tax under this act.

10 (5) As used in this section:

11 (a) "Based in this state" means hangared or stored in this
12 state for not less than 10 days in not less than 3 nonconsecutive
13 months during the immediately preceding 12-month period.

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

18 (c) "Prepurchase evaluation" means an examination of an
19 aircraft to provide a potential purchaser with information relevant
20 to the potential purchase.

21 (d) "Postsale customization" means any improvement,
22 maintenance, or repair that is performed on an aircraft following a
23 transfer of ownership of the aircraft.

24 (e) "Registered in this state" means an aircraft registered
25 with the state transportation department, bureau of aeronautics or
26 registered with the federal aviation administration to an address
27 located in this state.

1 Enacting section 1. This amendatory act is retroactive and is
2 effective July 11, 2001.