

HOUSE BILL No. 6550

November 28, 2018, Introduced by Rep. Kahle and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4k (MCL 205.94k), as amended by 2012 PA 429.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

1 ~~—— (c) An aircraft other than an aircraft described in~~
2 ~~subdivision (b), that has a maximum certificated takeoff weight of~~
3 ~~at least 12,500 pounds for taxes levied before January 1, 1997 and~~
4 ~~at least 6,000 pounds for taxes levied after December 31, 1996, and~~
5 ~~that is designed to have a maximum passenger seating configuration~~
6 ~~of more than 30 seats and is used solely in the transport of~~
7 ~~passengers.~~ **THE USE OF AN AIRCRAFT BY A DOMESTIC AIR CARRIER IF THE**
8 **AIRCRAFT HAS A MAXIMUM CERTIFICATED TAKEOFF WEIGHT OF AT LEAST**
9 **6,000 POUNDS AND IS USED SOLELY IN THE TRANSPORT OF AIR CARGO,**
10 **PASSENGERS, OR A COMBINATION OF AIR CARGO AND PASSENGERS.**

11 (2) The tax levied under this act does not apply to the sale
12 of parts or materials, excluding shop equipment or fuel, affixed or
13 to be affixed to an aircraft. ~~that meets all of the following~~
14 ~~conditions:~~

15 ~~—— (a) The aircraft leaves this state within 15 days after the~~
16 ~~sooner of the issuance of the final billing or authorized approval~~
17 ~~for final return to service, completion of the maintenance record~~
18 ~~entry, and completion of the test flight and ground test for~~
19 ~~inspection as required under 14 CFR 91.407.~~

20 ~~—— (b) The aircraft was not based in this state or registered in~~
21 ~~this state before the parts or materials are affixed to the~~
22 ~~aircraft and the aircraft is not based in this state or registered~~
23 ~~in this state after the parts or materials are affixed to the~~
24 ~~aircraft.~~

25 (3) The tax levied under this act does not apply to the sale
26 of an aircraft temporarily located in this state for the purpose of
27 a sale and prepurchase evaluation, customization, improvement,

1 maintenance, or repair if all of the following conditions are
2 satisfied:

3 (a) The aircraft leaves this state within 15 days after the
4 sale and the completion of any prepurchase evaluation,
5 customization, improvement, maintenance, or repair that is
6 associated with the sale, whichever is later.

7 (b) The aircraft was not based in this state or registered in
8 this state before the sale and any prepurchase evaluation,
9 customization, improvement, maintenance, or repair associated with
10 the sale is completed and the aircraft is not based in this state
11 or registered in this state after the sale and any prepurchase
12 evaluation, customization, improvement, maintenance, or repair
13 associated with the sale is completed.

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

20 (5) For taxes levied after December 31, 1996 and before May 1,
21 1999, the tax levied under this act does not apply to the product
22 of the out-of-state usage percentage and the price otherwise
23 taxable under this act of a qualified truck or a trailer designed
24 to be drawn behind a qualified truck, purchased, rented, or leased
25 in this state by an interstate fleet motor carrier and used in
26 interstate commerce.

27 (6) As used in this section:

1 **(A) "AIRCRAFT" MEANS AN AERIAL VEHICLE THAT IS USED IN**
2 **AVIATION, OTHER THAN AN UNMANNED AERIAL VEHICLE.**

3 **(B) ~~(a)~~**—"Based in this state" means hangared or stored in this
4 state for not less than 10 days in not less than 3 nonconsecutive
5 months during the immediately preceding 12-month period.

6 **(C) ~~(b)~~**—"Customization" means any improvement, maintenance, or
7 repair that is performed on an aircraft that is associated with the
8 sale of the aircraft.

9 **(D) ~~(c)~~**—"Domestic air carrier" means a person engaged
10 primarily in the commercial transport for hire of air cargo,
11 passengers, or a combination of air cargo and passengers as a
12 business activity.

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

18 **(F) ~~(e)~~**—"Out-of-state usage percentage" is a fraction, the
19 numerator of which is the number of miles driven outside of this
20 state in the immediately preceding tax year by qualified trucks
21 used by the taxpayer and the denominator of which is the total
22 miles driven in the immediately preceding tax year by qualified
23 trucks used by the taxpayer. Miles driven by qualified trucks used
24 solely in intrastate commerce shall not be included in calculating
25 the out-of-state usage percentage.

26 **(G) ~~(f)~~**—"Prepurchase evaluation" means an examination of an
27 aircraft to provide a potential purchaser with information relevant

1 to the potential purchase.

2 **(H)** ~~(g)~~—"Qualified truck" means a commercial motor vehicle
3 power unit that has 2 axles and a gross vehicle weight rating in
4 excess of 10,000 pounds or a commercial motor vehicle power unit
5 that has 3 or more axles.

6 **(I)** ~~(h)~~—"Registered in this state" means an aircraft
7 registered with the state transportation department, bureau of
8 aeronautics or registered with the ~~federal aviation administration~~
9 **FEDERAL AVIATION ADMINISTRATION** to an address located in this
10 state.

11 **(J)** ~~(i)~~—"Rolling stock" means a qualified truck, a trailer
12 designed to be drawn behind a qualified truck, and parts or other
13 tangible personal property affixed to or to be affixed to and
14 directly used in the operation of either a qualified truck or a
15 trailer designed to be drawn behind a qualified truck.

16 Enacting section 1. This amendatory act takes effect 90 days
17 after the date it is enacted into law.