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USE TAX: EXEMPT PLANE PARTS

House Bill 4356

Sponsor: Rep. Kirk A. Profit

Committee: Tax Policy

Complete to 2-22-95

A SUMMARY OF HOUSE BILL 4356 AS INTRODUCED 2-8-95

Public Act 5 of 1992 amended the Use Tax Act to exempt parts and materials (other than shop equipment and fuel) that are affixed to, or are to be affixed in Michigan to, aircraft owned or used by a domestic passenger or property air carrier if the aircraft meets certain conditions. The aircraft must be operating under a certain kind of certificate issued by the U.S. Department of Transportation and must be used primarily in the commercial transport of passengers or property. House Bill 4356 would provide new criteria for the aircraft involved in the exemption provision. The aircraft would have to be owned or used by a domestic air carrier and be any of the following:

-- an aircraft purchased after December 31, 1992 for use solely in the transport of air cargo and that had a maximum certificated takeoff weight of at least 12,500 pounds.

-- an aircraft purchased after June 30, 1994 that was used solely in the regularly scheduled transport of passengers.

-- an aircraft, other than one described immediately above, that had been purchased after December 31, 1994, had a maximum certificated takeoff weight of at least 12,500 pounds, was designed to have a maximum passenger seating configuration of more than 30 seats, and was used solely in the transport of passengers.

The bill would specify that the term "domestic air carrier" would be 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.

Further, the use tax exemption has a sunset date of December 31, 1996 (that is, it would no longer apply after that date). The bill would eliminate the sunset date, thus continuing the exemption indefinitely.

MCL 205.94k

House Bill 4356 (2-22-95)