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BILL



ANALYSIS

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House Bill 4356 (Substitute H-1 as reported without amendment)

Sponsor: Representative Kirk A. Profit

House Committee: Tax Policy

Senate Committee: Finance

## **CONTENT**

The bill would amend the Use Tax Act to change the current criteria under which certain aircraft parts and materials are exempted from the use tax.

Currently, the use tax does not apply to parts and materials, excluding shop equipment or fuel, that are affixed or to be affixed in Michigan to an aircraft owned or used by a domestic passenger or property air carrier operating under a U.S. Department of Transportation certificate. The bill provides, instead, that the tax would not apply to these parts and materials affixed to or to be affixed in Michigan to an aircraft owned or used by a "domestic air carrier" that was any of the following:

- An aircraft purchased after 1992 for use solely in the transport of air cargo 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 was purchased after 1994, had a maximum certificated takeoff weight of at least 12,500 pounds, and was designed to have a maximum passenger seating configuration of more than 30 seats and used solely in the transport of passengers.

The bill provides that "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.

Under the Act, the current exemption provision will expire December 31, 1996. The bill also would not apply after that date.

MCL 205.94k

Legislative Analyst: G. Towne

## **FISCAL IMPACT**

This bill would have no measurable revenue impact on State government or local governments.

Date Completed: 3-8-95

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.