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Senate Bill 576 (as introduced 7-10-01)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

Date Completed: 9-25-01

CONTENT

The bill would amend the Use Tax Act to exempt from the tax, beginning January 1, 1996, the storage, use, or consumption of certain aircraft by an entity that leased the aircraft to a domestic air carrier. The bill would apply to aircraft leased to a domestic air carrier operating under a certificate for on demand charter issued by the Federal Aviation Administration (FAA), that had a maximum certified takeoff weight of at least 6,000 pounds, for use solely in the transport of air cargo, passengers, or a combination of air cargo and passengers.

Currently, the Act exempts from the use tax the storage, use, or consumption of an aircraft by a domestic air carrier after September 30, 1996, for use in the transport of air cargo and/or passengers that has a maximum certified takeoff weight of at least 6,000 pounds. A domestic air carrier is an entity engaged primarily in the commercial transport for hire of air cargo, passengers, or a combination of air cargo and passengers as a business activity.

MCL 205.94

Legislative Analyst: G. Towne

FISCAL IMPACT

At a minimum, this bill would eliminate a current contested liability, covering several years, totaling almost \$400,000. Since this liability has not been paid, the Treasury Department would not have to issue a refund to this particular taxpayer under the bill. It is not known, however, if there are other taxpayers who would be entitled to a refund because of the bill. It is expected that the bill would not have any ongoing fiscal impact. While revenue from the use tax is earmarked to the General Fund (67%) and the School Aid Fund (33%), all of the loss of use tax revenue under this bill would affect only the General Fund, because the School Aid Fund is held harmless from any loss in revenue resulting from the use tax exemptions granted for certain aircraft transactions under this subsection.

Fiscal Analyst: J. Wortley

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