

SENATE BILL No. 748

September 8, 2005, Introduced by Senators CHERRY, SCHAUER, GOSCHKA and GARCIA and referred to the Committee on Finance.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4k (MCL 205.94k), as amended by 2002 PA 669.

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.

1 (b) An aircraft that is used solely in the regularly scheduled
2 transport of passengers.

3 (c) An aircraft other than an aircraft described in
4 subdivision (b), that has a maximum certificated takeoff weight of
5 at least 12,500 pounds for taxes levied before January 1, 1997 and
6 at least 6,000 pounds for taxes levied after December 31, 1996, and
7 that is designed to have a maximum passenger seating configuration
8 of more than 30 seats and is used solely in the transport of
9 passengers.

10 (2) THE TAX LEVIED UNDER THIS ACT DOES NOT APPLY TO PARTS AND
11 MATERIALS, EXCLUDING SHOP EQUIPMENT OR FUEL, AFFIXED OR TO BE
12 AFFIXED TO AN AIRCRAFT NOT BASED OR REGISTERED IN THE UNITED
13 STATES.

14 (3) THE TAX LEVIED UNDER THIS ACT DOES NOT APPLY TO THE SALE
15 OF AN AIRCRAFT THAT IS TEMPORARILY LOCATED IN THIS STATE FOR THE
16 PURPOSE OF PREPURCHASE EVALUATION OR POSTSALE WORK AND THAT WILL
17 NOT BE BASED OR REGISTERED IN THE UNITED STATES FOLLOWING THE SALE.

18 (4) ~~—(2)—~~ For taxes levied after December 31, 1992, the tax
19 levied under this act does not apply to the storage, use, or
20 consumption of rolling stock used in interstate commerce and
21 purchased, rented, or leased by an interstate fleet motor carrier.
22 A refund for taxes paid before January 1, 1997 shall not be paid
23 under this subsection if the refund claim is made after June 30,
24 1997.

25 (5) ~~—(3)—~~ For taxes levied after December 31, 1996 and before
26 May 1, 1999, the tax levied under this act does not apply to the
27 product of the out-of-state usage percentage and the price

1 otherwise taxable under this act of a qualified truck or a trailer
2 designed to be drawn behind a qualified truck, purchased, rented,
3 or leased in this state by an interstate fleet motor carrier and
4 used in interstate commerce.

5 (6) ~~—(4)—~~ As used in this section:

6 (a) "Domestic air carrier" means a person engaged primarily in
7 the commercial transport for hire of air cargo, passengers, or a
8 combination of air cargo and passengers as a business activity.

9 (b) "Interstate fleet motor carrier" means a person engaged in
10 the business of carrying persons or property, other than
11 themselves, their employees, or their own property, for hire across
12 state lines, whose fleet mileage was driven at least 10% outside of
13 this state in the immediately preceding tax year.

14 (c) "Out-of-state usage percentage" is a fraction, the
15 numerator of which is the number of miles driven outside of this
16 state in the immediately preceding tax year by qualified trucks
17 used by the taxpayer and the denominator of which is the total
18 miles driven in the immediately preceding tax year by qualified
19 trucks used by the taxpayer. Miles driven by qualified trucks used
20 solely in intrastate commerce shall not be included in calculating
21 the out-of-state usage percentage.

22 (d) "Qualified truck" means a commercial motor vehicle power
23 unit that has 2 axles and a gross vehicle weight rating in excess
24 of 10,000 pounds or a commercial motor vehicle power unit that has
25 3 or more axles.

26 (e) "Rolling stock" means a qualified truck, a trailer
27 designed to be drawn behind a qualified truck, and parts affixed to

- 1 either a qualified truck or a trailer designed to be drawn behind a
- 2 qualified truck.