

## SALES AND USE TAX AIRCRAFT EXEMPTION

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 624 (Substitute S-1, as amended)**

**Sponsor: Sen. Jason E. Allen**

**Senate Committee: Finance**

**House Committee: New Economy and Quality of Life**

**House Bill 4930 (Substitute H-1)**

**Sponsor: Rep. Kate Segal**

**House Committee: New Economy and Quality of Life**

**Senate Committee: Finance**

**Complete to 6-15-09**

## **A SUMMARY OF SENATE BILL 634 AS PASSED BY THE SENATE (AND HOUSE BILL 4930 AS PASSED BY THE HOUSE AND SENATE)**

Taken together, Senate Bill 624 and House Bill 4930 expand the sales and use tax exemption for out-of-state aircraft that are in the state temporarily for sale and "customization."

Generally speaking, they are intended to allow a tax exemption for the customization of "used" aircraft in Michigan.

Currently, the tax exemption applies to sales when aircraft not based or registered in Michigan are temporarily located in the state for prepurchase evaluation and/or **postsale** customization.

Under the bills, the exemptions would apply to the sale of an aircraft temporarily located in Michigan for the purpose of a sale and **prepurchase** evaluation, customization, improvement, maintenance, or repair, if certain conditions are satisfied.

The conditions are that (1) the aircraft leaves the state within 15 days after the sale and the completion of any prepurchase evaluation, customization, improvement, maintenance, or repair associated with the sale, whichever is later; and (2) that the aircraft is not based or registered in Michigan before or after the sale and any prepurchase evaluation, customization, improvement, maintenance, or repair associated with the sale.

The bills also contain a new definition of "customization," with that term referring to any improvement, maintenance, or repair performed on an aircraft that is associated with the sale of the aircraft.

Senate Bill 624 would amend the Use Tax Act (MCL205.94k). It is the Senate version of House Bill 4929, which previously passed the House.

House Bill 4930 would amend the General Sales Tax Act (MCL 205.54x).

**FISCAL IMPACT:**

The bill would have no state or local fiscal impact.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Rebecca Ross

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.