

Legislative Analysis



SALES AND USE TAX AIRCRAFT EXEMPTION

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House Bills 4929 & 4930

Sponsor: Rep. Kate Segal

Committee: New Economy and Quality of Life

Complete to 5-19-09

A SUMMARY OF HOUSE BILLS 4929 & 4930 AS INTRODUCED 5-12-09

The bills would expand the sales and use tax exemption for out-of-state aircraft that are in the state temporarily for "customization."

Currently, the 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 (e.g., used aircraft).

Under the bills, the exemptions would also apply to customization that occurs prior to sale of an aircraft (e.g., new aircraft).

The bills 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.

To be eligible for the exemption, aircraft must leave the state within 15 days after completion of the prepurchase evaluation, customization, or sale, or the completion of any improvement, maintenance, or repair that is associated with the sale, whichever is later. A similar provision applies now.

The two acts also contain exemptions for aircraft parts and material, including shop equipment and fuel.

House Bill 4929 would amend the Use Tax Act (MCL205.94k).

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

FISCAL IMPACT:

A fiscal analysis is in process.

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