

Legislative Analysis



SALES AND USE TAX AIRCRAFT EXEMPTION

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

House Bills 4929 & 4930 (Substitutes H-1)

Sponsor: Rep. Kate Segal

Committee: New Economy and Quality of Life

Complete to 5-20-09

A SUMMARY OF HOUSE BILLS 4929 & 4930 AS REPORTED FROM COMMITTEE

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

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.

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.

POSITIONS:

Pentastar Aviation (Waterford) and Duncan Aviation (Battle Creek) both indicated support for the bills. (5-20-09)

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

■ 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.