

Legislative Analysis



SALES AND USE TAX AIRCRAFT EXEMPTION

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House Bill 4930 as enrolled

Public Act 53 of 2009

Sponsor: Rep. Kate Segal

House Committee: New Economy and Quality of Life

Senate Committee: Finance

Senate Bill 624 as enrolled

Public Act 54 of 2009

Sponsor: Sen. Jason E. Allen

Senate Committee: Finance

House Committee: New Economy and Quality of Life

Complete to 12-31-10

A SUMMARY OF HOUSE BILL 4930 AND SENATE BILL 634 AS ENROLLED

Taken together, House Bill 4930 and Senate Bill 624 expand the sales and use tax exemption for out-of-state aircraft that are in the state temporarily for sale and "customization." Both bills apply retroactively to transactions occurring after June 11, 2009.

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

Senate Bill 624 would amend the Use Tax Act (MCL205.94k).

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 the sale and any prepurchase evaluation, customization, improvement, maintenance, or repair is completed or after the sale and any prepurchase evaluation, customization, improvement, maintenance, or repair is completed .

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.

FISCAL IMPACT:

The bill would have no state or local fiscal impact.

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