

SENATE BILL No. 625

June 4, 2009, Introduced by Senator BARCIA and referred to the Committee on Finance.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4x (MCL 205.54x), as amended by 2006 PA 17.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4x. (1) A sale to a domestic air carrier of 1 or more of
2 the following is exempt from the tax under this act:

3 (a) An aircraft that has a maximum certificated takeoff weight
4 of at least 6,000 pounds for use solely in the transport of air
5 cargo, passengers, or a combination of air cargo and passengers.

6 (b) Parts and materials, excluding shop equipment or fuel,
7 affixed or to be affixed to an aircraft that has a maximum
8 certificated takeoff weight of at least 6,000 pounds for use solely
9 in the transport of air cargo, passengers, or a combination of air

1 cargo and passengers.

2 (2) The tax levied under this act does not apply to the sale
3 of parts or materials, excluding shop equipment or fuel, affixed or
4 to be affixed to an aircraft that meets all of the following
5 conditions:

6 (a) The aircraft leaves this state within 15 days after the
7 sooner of the issuance of the final billing or authorized approval
8 for final return to service, completion of the maintenance record
9 entry, and completion of the test flight and ground test for
10 inspection as required under 14 CFR 91.407.

11 (b) The aircraft was not based in this state or registered in
12 this state before the parts or materials are affixed to the
13 aircraft and the aircraft is not based in this state or registered
14 in this state after the parts or materials are affixed to the
15 aircraft.

16 (3) The tax levied under this act does not apply to the sale
17 of an aircraft temporarily located in this state for the purpose of
18 prepurchase evaluation, ~~or the purpose of prepurchase evaluation~~
19 ~~and postsale customization, OR SALE~~ if all of the following
20 conditions are satisfied:

21 (a) The aircraft leaves this state within 15 days after
22 ~~authorized approval for final return to service, completion of the~~
23 ~~maintenance record entry, and completion of the test flight and~~
24 ~~ground test for inspection as required under 14 CFR 91.407~~
25 **COMPLETION OF THE PREPURCHASE EVALUATION, CUSTOMIZATION, OR SALE OR**
26 **THE COMPLETION OF ANY IMPROVEMENT, MAINTENANCE, OR REPAIR THAT IS**
27 **ASSOCIATED WITH THE SALE, WHICHEVER IS LATER.**

(b) The aircraft was not based in this state or registered in this state before the prepurchase evaluation, ~~or prepurchase evaluation and postsale customization, are~~ **OR SALE IS** completed and the aircraft is not based in this state or registered in this state after the prepurchase evaluation, ~~or prepurchase evaluation and postsale customization, are~~ **OR SALE IS** completed.

(4) A sale of an aircraft to a person for subsequent lease to a domestic air carrier operating under a certificate issued by the federal aviation administration under 14 CFR 121, for use solely in the regularly scheduled transport of passengers is exempt from the tax under this act.

(5) As used in this section:

(a) "Based in this state" means hangared or stored in this state for not less than 10 days in not less than 3 nonconsecutive months during the immediately preceding 12-month period.

(B) "CUSTOMIZATION" MEANS ANY IMPROVEMENT, MAINTENANCE, OR REPAIR THAT IS PERFORMED ON AN AIRCRAFT THAT IS ASSOCIATED WITH THE SALE OF THE AIRCRAFT.

(C) ~~(b)~~ "Domestic air carrier" is limited to entities engaged primarily in the commercial transport for hire of air cargo, passengers, or a combination of air cargo and passengers as a business activity.

(D) ~~(c)~~ "Prepurchase evaluation" means an examination of an aircraft to provide a potential purchaser with information relevant to the potential purchase.

~~(d) "Postsale customization" means any improvement, maintenance, or repair that is performed on an aircraft following a~~

1 ~~transfer of ownership of the aircraft.~~

2 (e) "Registered in this state" means an aircraft registered
3 with the state transportation department, bureau of aeronautics or
4 registered with the federal aviation administration to an address
5 located in this state.