

HOUSE BILL No. 4169

February 13, 2019, Introduced by Reps. Byrd and Kahle and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled "Use tax act," by amending section 4k (MCL 205.94k), as amended by 2012 PA 429.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4k. (1) The tax levied under this act does not apply to
2 ~~parts and materials, excluding shop equipment or fuel, affixed to~~
3 ~~or to be affixed to an aircraft owned or used by a domestic air~~
4 ~~carrier that is any of the following:~~
5 — (a) ~~An aircraft for use solely in the transport of air cargo~~
6 ~~or a combination of air cargo and passengers that has a maximum~~
7 ~~certificated takeoff weight of at least 12,500 pounds for taxes~~
8 ~~levied before January 1, 1997 and at least 6,000 pounds for taxes~~
9 ~~levied after December 31, 1996.~~

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1 ~~—— (b) An aircraft that is used solely in the regularly scheduled~~
2 ~~transport of passengers.~~

3 ~~—— (c) An aircraft other than an aircraft described in~~
4 ~~subdivision (b), that has a maximum certificated takeoff weight of~~
5 ~~at least 12,500 pounds for taxes levied before January 1, 1997 and~~
6 ~~at least 6,000 pounds for taxes levied after December 31, 1996, and~~
7 ~~that is designed to have a maximum passenger seating configuration~~
8 ~~of more than 30 seats and is used solely in the transport of~~
9 ~~passengers.~~

10 **THE USE OF AN AIRCRAFT BY A DOMESTIC AIR CARRIER IF THE**
11 **AIRCRAFT HAS A MAXIMUM CERTIFICATED TAKEOFF WEIGHT OF AT LEAST**
12 **6,000 POUNDS AND IS USED SOLELY IN THE TRANSPORT OF AIR CARGO,**
13 **PASSENGERS, OR A COMBINATION OF AIR CARGO AND PASSENGERS.**

14 (2) The tax levied under this act does not apply to the sale
15 of parts or materials, excluding shop equipment or fuel, affixed or
16 to be affixed to an aircraft. ~~that meets all of the following~~
17 ~~conditions:~~

18 ~~—— (a) The aircraft leaves this state within 15 days after the~~
19 ~~sooner of the issuance of the final billing or authorized approval~~
20 ~~for final return to service, completion of the maintenance record~~
21 ~~entry, and completion of the test flight and ground test for~~
22 ~~inspection as required under 14 CFR 91.407.~~

23 ~~—— (b) The aircraft was not based in this state or registered in~~
24 ~~this state before the parts or materials are affixed to the~~
25 ~~aircraft and the aircraft is not based in this state or registered~~
26 ~~in this state after the parts or materials are affixed to the~~
27 ~~aircraft.~~

(3) The tax levied under this act does not apply to the sale

1 of an aircraft temporarily located in this state for the purpose of
2 a sale and prepurchase evaluation, customization, improvement,
3 maintenance, or repair if all of the following conditions are
4 satisfied:

5 (a) The aircraft leaves this state within 15 days after the
6 sale and the completion of any prepurchase evaluation,
7 customization, improvement, maintenance, or repair that is
8 associated with the sale, whichever is later.

9 (b) The aircraft was not based in this state or registered in
10 this state before the sale and any prepurchase evaluation,
11 customization, improvement, maintenance, or repair associated with
12 the sale is completed and the aircraft is not based in this state
13 or registered in this state after the sale and any prepurchase
14 evaluation, customization, improvement, maintenance, or repair
15 associated with the sale is completed.

16 (4) For taxes levied after December 31, 1992, the tax levied
17 under this act does not apply to the storage, use, or consumption
18 of rolling stock used in interstate commerce and purchased, rented,
19 or leased by an interstate fleet motor carrier. A refund for taxes
20 paid before January 1, 1997 shall not be paid under this subsection
21 if the refund claim is made after June 30, 1997.

22 (5) For taxes levied after December 31, 1996 and before May 1,
23 1999, the tax levied under this act does not apply to the product
24 of the out-of-state usage percentage and the price otherwise
25 taxable under this act of a qualified truck or a trailer designed
26 to be drawn behind a qualified truck, purchased, rented, or leased
27 in this state by an interstate fleet motor carrier and used in

1 interstate commerce.

2 (6) As used in this section:

3 **(A) "AIRCRAFT" MEANS AN AERIAL VEHICLE THAT IS USED IN**
4 **AVIATION, OTHER THAN AN UNMANNED AERIAL VEHICLE.**

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

8 **(C)** ~~(b)~~—"Customization" means any improvement, maintenance, or
9 repair that is performed on an aircraft that is associated with the
10 sale of the aircraft.

11 **(D)** ~~(c)~~—"Domestic air carrier" means a person engaged
12 primarily in the commercial transport for hire of air cargo,
13 passengers, or a combination of air cargo and passengers as a
14 business activity.

15 **(E)** ~~(d)~~—"Interstate fleet motor carrier" means a person
16 engaged in the business of carrying persons or property, other than
17 themselves, their employees, or their own property, for hire across
18 state lines, whose fleet mileage was driven at least 10% outside of
19 this state in the immediately preceding tax year.

20 **(F)** ~~(e)~~—"Out-of-state usage percentage" is a fraction, the
21 numerator of which is the number of miles driven outside of this
22 state in the immediately preceding tax year by qualified trucks
23 used by the taxpayer and the denominator of which is the total
24 miles driven in the immediately preceding tax year by qualified
25 trucks used by the taxpayer. Miles driven by qualified trucks used
26 solely in intrastate commerce shall not be included in calculating
27 the out-of-state usage percentage.

1 (G) ~~(f)~~ "Prepurchase evaluation" means an examination of an
2 aircraft to provide a potential purchaser with information relevant
3 to the potential purchase.

4 (H) ~~(g)~~ "Qualified truck" means a commercial motor vehicle
5 power unit that has 2 axles and a gross vehicle weight rating in
6 excess of 10,000 pounds or a commercial motor vehicle power unit
7 that has 3 or more axles.

8 (I) ~~(h)~~ "Registered in this state" means an aircraft
9 registered with the state transportation department, bureau of
10 aeronautics or registered with the ~~federal aviation administration~~
11 **FEDERAL AVIATION ADMINISTRATION** to an address located in this
12 state.

13 (J) ~~(i)~~ "Rolling stock" means a qualified truck, a trailer
14 designed to be drawn behind a qualified truck, and parts or other
15 tangible personal property affixed to or to be affixed to and
16 directly used in the operation of either a qualified truck or a
17 trailer designed to be drawn behind a qualified truck.

18 Enacting section 1. This amendatory act takes effect 90 days
19 after the date it is enacted into law.