

HOUSE BILL No. 5391

September 17, 2009, Introduced by Rep. Jackson 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 2006 PA 18.

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.

10 (b) An aircraft that is used solely in the regularly scheduled

1 transport of passengers.

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

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

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

18 (b) The aircraft was not based in this state or registered in
19 this state before the parts or materials are affixed to the
20 aircraft and the aircraft is not based in this state or registered
21 in this state after the parts or materials are affixed to the
22 aircraft.

23 (3) The tax levied under this act does not apply to the sale
24 of an aircraft temporarily located in this state for the purpose of
25 prepurchase evaluation or the purpose of prepurchase evaluation and
26 postsale customization if all of the following conditions are
27 satisfied:

1 (a) The aircraft leaves this state within 15 days after
2 authorized approval for final return to service, completion of the
3 maintenance record entry, and completion of the test flight and
4 ground test for inspection as required under 14 CFR 91.407.

5 (b) The aircraft was not based in this state or registered in
6 this state before the prepurchase evaluation or prepurchase
7 evaluation and postsale customization are completed and the
8 aircraft is not based in this state or registered in this state
9 after the prepurchase evaluation or prepurchase evaluation and
10 postsale customization are completed.

11 (4) For taxes levied after December 31, 1992 **AND BEFORE JUNE**
12 **1, 2009**, the tax levied under this act does not apply to the
13 storage, use, or consumption of rolling stock used in interstate
14 commerce and purchased, rented, or leased by an interstate fleet
15 motor carrier. A refund for taxes paid before January 1, 1997 shall
16 not be paid under this subsection if the refund claim is made after
17 June 30, 1997.

18 (5) For taxes levied after December 31, 1996 and before May 1,
19 1999, the tax levied under this act does not apply to the product
20 of the out-of-state usage percentage and the price otherwise
21 taxable under this act of a qualified truck or a trailer designed
22 to be drawn behind a qualified truck, purchased, rented, or leased
23 in this state by an interstate fleet motor carrier and used in
24 interstate commerce.

25 (6) As used in this section:

26 (a) "Based in this state" means hangared or stored in this
27 state for not less than 10 days in not less than 3 nonconsecutive

1 months during the immediately preceding 12-month period.

2 (b) "Domestic air carrier" means a person engaged primarily in
3 the commercial transport for hire of air cargo, passengers, or a
4 combination of air cargo and passengers as a business activity.

5 (c) "Interstate fleet motor carrier" means a person engaged in
6 the business of carrying persons or property, other than
7 themselves, their employees, or their own property, for hire across
8 state lines, whose fleet mileage was driven at least 10% outside of
9 this state in the immediately preceding tax year.

10 (d) "Out-of-state usage percentage" is a fraction, the
11 numerator of which is the number of miles driven outside of this
12 state in the immediately preceding tax year by qualified trucks
13 used by the taxpayer and the denominator of which is the total
14 miles driven in the immediately preceding tax year by qualified
15 trucks used by the taxpayer. Miles driven by qualified trucks used
16 solely in intrastate commerce shall not be included in calculating
17 the out-of-state usage percentage.

18 (e) "Prepurchase evaluation" means an examination of an
19 aircraft to provide a potential purchaser with information relevant
20 to the potential purchase.

21 (f) "Postsale customization" means any improvement,
22 maintenance, or repair that is performed on an aircraft following a
23 transfer of ownership of the aircraft.

24 (g) "Qualified truck" means a commercial motor vehicle power
25 unit that has 2 axles and a gross vehicle weight rating in excess
26 of 10,000 pounds or a commercial motor vehicle power unit that has
27 3 or more axles.

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

5 (i) "Rolling stock" means a qualified truck, a trailer
6 designed to be drawn behind a qualified truck, and parts affixed to
7 either a qualified truck or a trailer designed to be drawn behind a
8 qualified truck.