

# HOUSE BILL No. 6549

November 28, 2018, Introduced by Rep. Kahle and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4x (MCL 205.54x), as amended by 2009 PA 53.

**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~~

10 ~~cargo and passengers.~~ **THE TAX LEVIED UNDER THIS ACT DOES NOT APPLY**  
11 **TO THE SALE OF AN AIRCRAFT TO A DOMESTIC AIR CARRIER IF THE**

1 AIRCRAFT HAS A MAXIMUM CERTIFICATED TAKEOFF WEIGHT OF AT LEAST  
2 6,000 POUNDS AND IS FOR USE SOLELY IN THE TRANSPORT OF AIR CARGO,  
3 PASSENGERS, OR A COMBINATION OF AIR CARGO AND PASSENGERS.

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

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

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

18 (3) The tax levied under this act does not apply to the sale  
19 of an aircraft temporarily located in this state for the purpose of  
20 a sale and prepurchase evaluation, customization, improvement,  
21 maintenance, or repair if all of the following conditions are  
22 satisfied:

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

27 (b) The aircraft was not based in this state or registered in

1 this state before the sale and any prepurchase evaluation,  
2 customization, improvement, maintenance, or repair that is  
3 associated with the sale is completed and the aircraft is not based  
4 in this state or registered in this state after the sale and any  
5 prepurchase evaluation, customization, improvement, maintenance, or  
6 repair that is associated with the sale is completed.

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

12 (5) As used in this section:

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

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

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

21 **(D)** ~~(c)~~—"Domestic air carrier" is limited to entities engaged  
22 primarily in the commercial transport for hire of air cargo,  
23 passengers, or a combination of air cargo and passengers as a  
24 business activity.

25 **(E)** ~~(d)~~—"Prepurchase evaluation" means an examination of an  
26 aircraft to provide a potential purchaser with information relevant  
27 to the potential purchase.

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

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