
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bills 491 and 492 (as reported without amendment)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

CONTENT

Senate Bill 491 would amend the Use Tax Act, and Senate Bill 492 would amend the General Sales Tax Act, to exempt from the taxes sales of aircraft to a person for subsequent lease to a domestic air carrier operating under a certificate issued by the Federal Aviation Administration for use solely in the regularly scheduled transport of passengers.

Currently, the Acts exempt from the taxes sales to a domestic air carrier of an aircraft or parts and materials affixed to an aircraft that has a maximum certified takeoff weight of at least 6,000 pounds for use in the transport of air cargo and/or passengers. Under both Acts, a domestic air carrier is an entity engaged primarily in the commercial transport for hire of air cargo, passengers, or a combination of air cargo and passengers as a business activity.

MCL 205.94 (S.B. 491)
205.54x (S.B. 492)

Legislative Analyst: G. Towne

FISCAL IMPACT

These bills would have no fiscal impact on the State or local governments. Under current law, domestic air carriers licensed to provide regularly scheduled passenger service are exempt from the sales and use taxes when acquiring airplanes, as are other companies that purchase airplanes for the purpose of leasing them to a domestic passenger air carrier. These bills simply would help make it easier for domestic air carriers who are licensed to provide regularly scheduled passenger service to finalize airplane acquisitions in Michigan without being subject to the State sales or use taxes.

Date Completed: 5-23-01

Fiscal Analyst: J. Wortley