

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL 131

By: Newhouse

AS INTRODUCED

An Act relating to aircraft excise tax; amending 68 O.S. 2011, Section 6003, as last amended by Section 2, Chapter 276, O.S.L. 2018 (68 O.S. Supp. 2018, Section 6003), which relates to exemptions; providing for expiration of specified exemption under certain condition; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 6003, as last amended by Section 2, Chapter 276, O.S.L. 2018 (68 O.S. Supp. 2018, Section 6003), is amended to read as follows:

Section 6003. The following aircraft shall be exempt from provisions of Section 6001 et seq. of this title:

1. Aircraft manufactured under an F.A.A. approved certificate and which are owned and in the physical possession of the manufacturer of the aircraft. The aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;

2. Aircraft owned by dealers and in the dealer's inventory, not including aircraft that are used personally or for business. In

1 order for this exemption to apply, the dealer shall be licensed in
2 accordance with Section 254.1 of Title 3 of the Oklahoma Statutes;

3 3. Aircraft of the federal government, any agency thereof, any
4 territory or possession, any state government, agency, or political
5 subdivision thereof;

6 4. Aircraft transferred from one corporation or limited
7 liability company to another corporation or limited liability
8 company pursuant to reorganization of the corporation or limited
9 liability company. For the purpose of this section the term
10 reorganization means a statutory merger, consolidation, or
11 acquisition;

12 5. Aircraft purchased or used by commercial airlines as defined
13 by paragraph 2 of Section 6001 of this title, provided any such
14 aircraft does not operate under Part 91 of Title 14 of the Code of
15 Federal Regulations, 14 C.F.R., Part 91, for more than fifty percent
16 (50%) of its annual operations. If the operations of such aircraft
17 are not at least fifty percent (50%) Part 135 charter operations
18 annually, the excise tax levied pursuant to the provisions of
19 Section 6002 of this title shall be due and payable. An aircraft
20 owner shall provide a report to the Oklahoma Tax Commission on an
21 annual basis detailing the operations of the aircraft and any
22 supporting flight, maintenance or charter log books required by the
23 Commission. For the purpose of satisfying this requirement, such
24 operations may not include those chartered by the aircraft owner as

1 an individual or as a business entity in which the aircraft owner
2 owns a majority interest;

3 6. Aircraft transferred in connection with the dissolution or
4 liquidation of a corporation or limited liability company and only
5 if included in a payment in kind to the shareholders or members;

6 7. Aircraft transferred to a corporation for the purpose of
7 organizing such corporation. However, the former owners of the
8 aircraft must have control of the corporation in proportion to their
9 interest in the aircraft prior to the transfer;

10 8. Aircraft transferred to a partnership or limited liability
11 company when the organization of the partnership or limited
12 liability company is by the former owners of the aircraft. However,
13 the former owners of the aircraft must have control of the
14 partnership in proportion to their interest in the aircraft prior to
15 the transfer;

16 9. Aircraft transferred from a partnership or limited liability
17 company to the members of the partnership or limited liability
18 company and if made in payment in kind in the dissolution of the
19 partnership;

20 10. Aircraft transferred or conveyed to a partner of a
21 partnership or shareholder or member of a limited liability company
22 or other person who after such sale owns a joint interest in the
23 aircraft and on which the sales or use tax levied pursuant to the
24 provisions of this title or the excise tax levied pursuant to the

1 provisions of Section 6002 of this title have previously been paid
2 on the aircraft;

3 11. Aircraft on which a tax levied pursuant to the provisions
4 of the laws of another state, equal to or in excess of the excise
5 tax levied by Section 6002 of this title, has been paid by the
6 person using the aircraft in this state. Aircraft on which a tax
7 levied pursuant to the laws of another state, in an amount less than
8 the excise tax levied by Section 6002 of this title, has been paid
9 by the person using the aircraft in this state shall be subject to
10 the levy of the excise tax at a rate equal to the difference between
11 the rate of tax levied by Section 6002 of this title and the rate of
12 tax levied by the other state;

13 12. Aircraft when legal ownership of such aircraft is obtained
14 by the applicant for a certificate of title by inheritance;

15 13. Aircraft when legal ownership of such aircraft is obtained
16 by the lienholder or mortgagee under or by foreclosure of a lien or
17 mortgage in the manner provided for by law;

18 14. Aircraft which is transferred between husband and wife or
19 parent and child where no valuable consideration is given;

20 15. Aircraft which is purchased by a resident of this state and
21 used exclusively in this state for agricultural spraying purposes;
22 provided, if such aircraft is sold, leased or used outside this
23 state or for a purpose other than agricultural spraying at any time
24 within three (3) years from the date of purchase, the excise tax

1 levied pursuant to the provisions of Section 6002 of this title
2 shall be due and payable. For purposes of this subsection,
3 "agricultural spraying" means the aerial application of any
4 substance sold and used for soil enrichment or soil corrective
5 purposes or for promoting the growth and productivity of plants and
6 animals;

7 16. Aircraft which have a selling price in excess of Two
8 Million Five Hundred Thousand Dollars (\$2,500,000.00) and which are
9 transferred to a purchaser who is not a resident of this state for
10 immediate transfer out of state; provided, the exemption provided
11 pursuant to this paragraph shall expire on July 1, 2022, unless
12 reauthorized by the Oklahoma Legislature;

13 17. Aircraft which is transferred without consideration between
14 an individual and an express trust which that individual or the
15 spouse, child or parent of that individual has a right to revoke;
16 and

17 18. Rotary-wing aircraft purchased to be used exclusively for
18 the purpose of training U.S. military personnel or other training
19 authorized by the U.S. Government. The exemption provided by this
20 paragraph shall cease to be effective on January 1, 2018.

21 SECTION 2. This act shall become effective November 1, 2019.

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