



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2189: TPT; use tax; exemption; aviation

Sponsor: Representative Dunn, LD 25

Committee on Ways & Means

Overview

Expands the Transaction Privilege Tax (TPT) and Use Tax exemptions on aircraft for the use of an aircraft for general or commercial aviation and deletes the requirement to prescribe an exemption certificate for the purchase of an aircraft.

History

Current state law allows any person who conducts business under transaction privileges to establish entitlement to TPT deductions from the tax base. The Department of Revenue (DOR) can prescribe a certificate to a person purchase of a plane to be eligible for a TPT deduction or exemption regarding the aircraft. The person must provide documentation that confirms that the operational control of the aircraft has been transferred or will be transferred immediately after the purchase ([A.R.S. § 42-5009](#)).

[A.R.S. § 42-5061](#) and [A.R.S. § 42-5159](#) allows for certain forms of retail classifications to be exempt from TPT or Use Tax. For aircrafts, this applies to the sale of an aircraft to a person that is under the proper certifications, regulations and operations, any foreign government, or persons who are not residents and will not use the property in Arizona unless it is to remove the property from the state. For any equipment and related supplies to maintain the aircrafts, this applies if it is by or on behalf of a certificated or licensed carrier of persons or property.

Provisions

1. Removes the DOR's requirement to prescribe an exemption certificate to be used by a person purchasing an aircraft to confirm the transferring of operational control of the aircraft to another. (Sec. 1)
2. Expands the TPT and use tax exemptions on aircraft, navigational, and communication instruments and other accessories and related equipment from the sale of an aircraft to the use of the aircraft for general or commercial aviation. (Sec. 2, 4)
3. Removes the requirement of a certified or licensed carrier of people or property from TPT and Use Tax exemptions on equipment and related supplies used in repairing, remodeling or maintaining aircrafts. (Sec. 2, 4)
4. Applies to taxable periods beginning on or after the first day of the month following the general effective date. (Sec. 5)
5. Makes technical and conforming changes. (Sec. 1, 3)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note