

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 442

By: Fields

4
5
6 AS INTRODUCED

7 An Act relating to aircraft taxation; amending 68
8 O.S. 2011, Section 6001, which relates to aircraft
9 definitions; modifying certain term; amending 68 O.S.
10 2011, Section 6003, as amended by Section 1, Chapter
11 380, O.S.L. 2013 (68 O.S. Supp. 2016, Section 6003),
12 which relates to aircraft exemptions; modifying
13 certain term; providing an effective date; and
14 declaring an emergency.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 6001, is
17 amended to read as follows:

18 Section 6001. As used in Section 6001 et seq. of this title:

19 1. "Aircraft" means and includes every self-propelled plane,
20 airplane, helicopter, or balloon or sailplane manufactured by mass
21 production or individually constructed or assembled, used, or
22 designed for navigation or flight in the air or airspace, and
23 subject to registration with the Federal Aviation Administration;

24 2. "Commercial airline" means an air carrier, foreign air
carrier or intrastate air carrier, as defined by Section 40102 of
Title 49 of the United States Code, 49 U.S.C., Section 40102, and

1 operating pursuant to Part 121 or 129 of Title 14 of the Code of
2 Federal Regulations, 14 CFR, Part 121 or 129, or conducting
3 scheduled or unscheduled services pursuant to Part 135 thereof;
4 provided that any such aircraft used to provide such services
5 operates under Part 135 for at least fifty percent (50%) of its
6 annual operations;

7 3. "Purchase price" means the total amount paid for the
8 aircraft whether paid in money or otherwise. "Purchase price" is
9 further defined as the fair market value when no current purchase is
10 involved; and

11 4. "Use" means and includes the operation or basing of an
12 aircraft on or from any airport in this state for a period of thirty
13 (30) days or more. For purposes of Section 6001 et seq. of this
14 title, the term "use" does not apply to aircraft which are intended
15 for exclusive use in another state, but which are stored in this
16 state pending shipment to such other state, or aircraft which are
17 retained in this state solely for fabrication, repair, testing,
18 alteration, modification, refurbishing or maintenance.

19 SECTION 2. AMENDATORY 68 O.S. 2011, Section 6003, as
20 amended by Section 1, Chapter 380, O.S.L. 2013 (68 O.S. Supp. 2016,
21 Section 6003), is amended to read as follows:

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

24

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

6 2. Aircraft owned by dealers and in the dealer's inventory, not
7 including aircraft that are used personally or for business. In
8 order for this exemption to apply, the dealer shall be licensed in
9 accordance with Section 254.1 of Title 3 of the Oklahoma Statutes;

10 3. Aircraft of the federal government, any agency thereof, any
11 territory or possession, any state government, agency, or political
12 subdivision thereof;

13 4. Aircraft transferred from one corporation or limited
14 liability company to another corporation or limited liability
15 company pursuant to reorganization of the corporation or limited
16 liability company. For the purpose of this section the term
17 reorganization means a statutory merger, consolidation, or
18 acquisition;

19 5. Aircraft purchased or used by commercial airlines as defined
20 by paragraph 2 of Section 6001 of this title; provided that such an
21 aircraft does not operate under Part 91 of Title 14 of the Code of
22 Federal Regulations, 14 CFR, Part 91, for more than fifty percent
23 (50%) of its annual operations;
24

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

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

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

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

18 10. Aircraft transferred or conveyed to a partner of a
19 partnership or shareholder or member of a limited liability company
20 or other person who after such sale owns a joint interest in the
21 aircraft and on which the sales or use tax levied pursuant to the
22 provisions of this title or the excise tax levied pursuant to the
23 provisions of Section 6002 of this title have previously been paid
24 on the aircraft;

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

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

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

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

18 15. Aircraft which is purchased by a resident of this state and
19 used exclusively in this state for agricultural spraying purposes;
20 provided, if such aircraft is sold, leased or used outside this
21 state or for a purpose other than agricultural spraying at any time
22 within three (3) years from the date of purchase, the excise tax
23 levied pursuant to the provisions of Section 6002 of this title
24 shall be due and payable. For purposes of this subsection,

1 "agricultural spraying" means the aerial application of any
2 substance sold and used for soil enrichment or soil corrective
3 purposes or for promoting the growth and productivity of plants and
4 animals;

5 16. Aircraft which have a selling price in excess of Two
6 Million Five Hundred Thousand Dollars (\$2,500,000.00) and which are
7 transferred to a purchaser who is not a resident of this state for
8 immediate transfer out of state;

9 17. Aircraft which is transferred without consideration between
10 an individual and an express trust which that individual or the
11 spouse, child or parent of that individual has a right to revoke;
12 and

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

17 SECTION 3. This act shall become effective July 1, 2017.

18 SECTION 4. It being immediately necessary for the preservation
19 of the public peace, health or safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

22

23 56-1-205 JD 1/19/2017 2:11:58 PM

24