ENGROSSED HOUSE
BILL NO. 1005

BY: COTNER, MONKS, GLOVER and BENSON of the HOUSE

and

KERR of the SENATE

AN ACT RELATING TO REVENUE AND TAXATION; AMENDING SECTION 4, CHAPTER 138, O.S.L. 1984, AS LAST AMENDED BY SECTION 8, CHAPTER 41, O.S.L. 1986 (68 O.S. SUPP. 1990, SECTION 6003), WHICH RELATES TO EXEMPTIONS FROM THE AIRCRAFT EXCISE TAX; EXEMPTING AIRCRAFT USED EXCLUSIVELY FOR AGRICULTURAL SPRAYING PURPOSES; DEFINING TERM; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY Section 4, Chapter 138, O.S.L. 1984, as last amended by Section 8, Chapter 41, O.S.L. 1986 (68 O.S. Supp. 1990, Section 6003), is amended to read as follows:

Section 6003. The following aircraft shall be exempt from provisions of this article:

(A) aircraft manufactured within this state under an F.A.A. approved certificate and which are owned and in the physical possession of the manufacturer of said aircraft. Said aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;

(B) aircraft owned by dealers and in the dealer's inventory, not including aircraft that are used personally or for business. Said aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;

(C) aircraft of the federal government, any agency thereof, any territory or possession, any state government, agency, or political subdivision thereof;

(D) aircraft transferred from one corporation to another corporation pursuant to corporate reorganization. For the purpose of this section the term reorganization means a statutory merger, consolidation, or acquisition;

(E) aircraft purchased outside this state and brought into the state to be used by commercial airlines;

(F) aircraft transferred in connection with the dissolution or liquidation of a corporation and only if included in a payment in kind to the shareholders;

(G) aircraft transferred to a corporation for the purpose of organizing such corporation. However, the former owners of the aircraft must have control of the corporation in proportion to their interest in the aircraft prior to the transfer;

(H) aircraft transferred to a partnership when the organization of the partnership is by the former owners of the aircraft. However, the former owners of the aircraft must have control of the partnership in proportion to their interest in the aircraft prior to the transfer;

(I) aircraft transferred from a partnership to the members of said partnership and if made in payment in kind in the dissolution of said partnership;

(J) aircraft transferred or conveyed to a partner or other person who after such sale owns a joint interest in the aircraft and on which the sales or use tax levied pursuant to the provisions of this title or the excise tax levied pursuant to the provisions of

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

(K) aircraft on which a tax levied pursuant to the provisions of the laws of another state, equal to or in excess of the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state. Aircraft on which a tax levied pursuant to the laws of another state, in an amount less than the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state shall be subject to the levy of the excise tax at a rate equal to the difference between the rate of tax levied by Section 6002 of this title and the rate of tax levied by the other state;

(L) aircraft when legal ownership of such aircraft is obtained by the applicant for a certificate of title by inheritance;

(M) aircraft when legal ownership of such aircraft is obtained by the lienholder or mortgagee under or by foreclosure of a lien or mortgage in the manner provided for by law; ~~and~~

(N) aircraft which is transferred between husband and wife or parent and child where no valuable consideration is given~~.~~; and

(O) aircraft which is purchased and used exclusively for agricultural spraying purposes. For purposes of this subsection, "agricultural spraying" means the aerial application of any substance sold and used for soil enrichment or soil corrective purposes or for promoting the growth and productivity of plants and animals.

SECTION 2. This act shall become effective July 1, 1991.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 14th day of February, 1991.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1991.

President of the Senate