

ENGROSSED SENATE  
BILL NO. 398

By: Capps, Martin and  
Wilcoxson of the Senate

and

Nations of the House

[ revenue and taxation - aircraft excise taxes -  
exemptions - modifying apportionment of revenues -  
effective date -

emergency ]

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 6003, as last amended by Section 27, Chapter 294, O.S.L. 1997 (68 O.S. Supp. 1998, 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 article ~~article~~ title:

1. Aircraft manufactured 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;

2. 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;

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

4. Aircraft transferred from one corporation or limited liability company to another corporation or limited liability

company pursuant to reorganization of the corporation or limited liability company. For the purpose of this section the term reorganization means a statutory merger, consolidation, or acquisition;

5. Aircraft purchased or used by commercial airlines as defined by paragraph 2 of Section 6001 of this title;

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

7. 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;

8. Aircraft transferred to a partnership or limited liability company when the organization of the partnership or limited liability company 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;

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

10. Aircraft transferred or conveyed to a partner of a partnership or shareholder or member of a limited liability company 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;

11. 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;

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

13. 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;

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

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

~~16. Aircraft with a selling price in excess of Five Million Dollars (\$5,000,000.00);~~

~~17. Aircraft which have a selling price in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) and which are transferred to a purchaser who is not a resident of this state for immediate transfer out of state; and~~

~~18.~~ 17. Aircraft which is transferred without consideration between an individual and an express trust which that individual or the spouse, child or parent of that individual has a right to revoke.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 6005, as amended by Section 1, Chapter 303, O.S.L. 1998 (68 O.S. Supp. 1998, Section 6005), is amended to read as follows:

Section 6005. A. ~~Except as provided in subsection B of this section~~ For fiscal years beginning prior to July 1, 1999, all revenues derived pursuant to the provisions of Sections 6001 through 6007 of this title shall be paid monthly by the Oklahoma Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature.

B. 1. ~~Beginning~~ For the fiscal year beginning July 1, 1999, ~~sixty-six and sixty-seven one-hundredths percent (66.67%)~~ fifty percent (50%) of all revenues derived pursuant to the provisions of Sections 6001 through 6007 of this title shall be paid monthly by the ~~Oklahoma~~ Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature, and ~~thirty-three and thirty-three one-hundredths percent (33.33%)~~ fifty percent (50%) of the revenues shall be placed to the credit of the Oklahoma Aeronautics Commission Revolving Fund ~~to be used for aviation education and safety programs; and~~

2. ~~Beginning~~ For the fiscal year beginning July 1, 2000, ~~thirty-three and thirty-three one-hundredths percent (33.33%)~~ of all revenues derived pursuant to the provisions of Sections 6001 through 6007 of this title shall be paid monthly by the ~~Oklahoma~~ Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature, and ~~sixty-six and sixty-seven one-hundredths~~

~~percent (66.67%) and for each fiscal year thereafter, one hundred percent (100%) of the revenues derived pursuant to the provisions of Sections 6001 through 6007 of this title shall be paid monthly by the Tax Commission to the State Treasurer and shall be placed to the credit of the Oklahoma Aeronautics Commission Revolving Fund to be used for aviation education and safety programs; and~~

~~3. Beginning July 1, 2001, three percent (3%) of all revenues derived pursuant to the provisions of Sections 6001 through 6007 of this title shall be paid monthly by the Oklahoma Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature, and ninety-seven percent (97%) of the revenues shall be placed to the credit of the Oklahoma Aeronautics Commission Revolving Fund to be used for aviation education and safety programs.~~

SECTION 3. This act shall become effective July 1, 1999.

SECTION 4. 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 Senate the 25th day of February, 1999.

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President of the Senate

Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_, 1999.

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Speaker of the House of Representatives