

1 ENGROSSED SENATE  
2 BILL NO. 442

By: Fields, Kidd, Pittman and  
Pederson of the Senate

3 and

4 Brumbaugh of the House

5  
6 An Act relating to aircraft taxation; amending 68  
7 O.S. 2011, Section 6001, which relates to aircraft  
8 definitions; modifying certain term; amending 68 O.S.  
9 2011, Section 6003, as amended by Section 1, Chapter  
10 380, O.S.L. 2013 (68 O.S. Supp. 2016, Section 6003),  
11 which relates to aircraft exemptions; modifying  
12 certain term; providing an effective date; and  
13 declaring an emergency.

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

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

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

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

23 2. "Commercial airline" means an air carrier, foreign air  
24 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  
operating pursuant to Part 121 or 129 of Title 14 of the Code of

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

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

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

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

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

23 1. Aircraft manufactured under an F.A.A. approved certificate  
24 and which are owned and in the physical possession of the

1 manufacturer of the aircraft. The aircraft shall have an aircraft  
2 exemption license as provided for in Section 254 of Title 3 of the  
3 Oklahoma Statutes;

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

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

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

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

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

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

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

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

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

22           11. Aircraft on which a tax levied pursuant to the provisions  
23 of the laws of another state, equal to or in excess of the excise  
24 tax levied by Section 6002 of this title, has been paid by the

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

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

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

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

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

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1 purposes or for promoting the growth and productivity of plants and  
2 animals;

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

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

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

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

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

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1 Passed the Senate the 7th day of March, 2017.

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4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2017.

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9 Presiding Officer of the House  
10 of Representatives