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February 15, 2017

AS AMENDED

SENATE BILL NO. 557

By: Newhouse

[aircraft excise tax - exemption - effective date]

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 6003, as amended by Section 1, Chapter 380, O.S.L. 2013 (68 O.S. Supp. 2016, 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 title:

1. Aircraft manufactured under an F.A.A. approved certificate and which are owned and in the physical possession of the manufacturer of the aircraft. The 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. In order for this exemption to apply, the dealer shall be licensed in accordance with Section 254.1 of Title 3 of the Oklahoma Statutes;

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

4 4. Aircraft transferred from one corporation or limited
5 liability company to another corporation or limited liability
6 company pursuant to reorganization of the corporation or limited
7 liability company. For the purpose of this section the term
8 reorganization means a statutory merger, consolidation, or
9 acquisition;

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

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

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

19 8. Aircraft transferred to a partnership or limited liability
20 company when the organization of the partnership or limited
21 liability company is by the former owners of the aircraft. However,
22 the former owners of the aircraft must have control of the
23 partnership in proportion to their interest in the aircraft prior to
24 the transfer;

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

5 10. Aircraft transferred or conveyed to a partner of a
6 partnership or shareholder or member of a limited liability company
7 or other person who after such sale owns a joint interest in the
8 aircraft and on which the sales or use tax levied pursuant to the
9 provisions of this title or the excise tax levied pursuant to the
10 provisions of Section 6002 of this title have previously been paid
11 on the aircraft;

12 11. Aircraft on which a tax levied pursuant to the provisions
13 of the laws of another state, equal to or in excess of the excise
14 tax levied by Section 6002 of this title, has been paid by the
15 person using the aircraft in this state. Aircraft on which a tax
16 levied pursuant to the laws of another state, in an amount less than
17 the excise tax levied by Section 6002 of this title, has been paid
18 by the person using the aircraft in this state shall be subject to
19 the levy of the excise tax at a rate equal to the difference between
20 the rate of tax levied by Section 6002 of this title and the rate of
21 tax levied by the other state;

22 12. Aircraft when legal ownership of such aircraft is obtained
23 by the applicant for a certificate of title by inheritance;
24

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

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

6 15. Aircraft which is purchased by a resident of this state and
7 used exclusively in this state for agricultural spraying purposes;
8 provided, if such aircraft is sold, leased or used outside this
9 state or for a purpose other than agricultural spraying at any time
10 within three (3) years from the date of purchase, the excise tax
11 levied pursuant to the provisions of Section 6002 of this title
12 shall be due and payable. For purposes of this subsection,
13 "agricultural spraying" means the aerial application of any
14 substance sold and used for soil enrichment or soil corrective
15 purposes or for promoting the growth and productivity of plants and
16 animals;

17 16. Aircraft which have a selling price in excess of Two
18 Million Five Hundred Thousand Dollars (\$2,500,000.00) and which are
19 transferred to a purchaser who is not a resident of this state for
20 immediate transfer out of state; provided, the exemption provided
21 pursuant to this paragraph shall expire on July 1, 2022, unless
22 reauthorized by the Oklahoma Legislature;

23 17. Aircraft which is transferred without consideration between
24 an individual and an express trust which that individual or the

1 spouse, child or parent of that individual has a right to revoke;
2 and

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

7 SECTION 2. This act shall become effective November 1, 2017.

8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
9 February 15, 2017 - DO PASS AS AMENDED
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