

OKLAHOMA TAX COMMISSION

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 12, 2017

BILL NUMBER: SB 442 **STATUS AND DATE OF BILL:** Introduced 01/19/2017

AUTHORS: House n/a Senate Fields

TAX TYPE (S): Aircraft Excise **SUBJECT:** Exemption

PROPOSAL: Amendatory

Section 1 proposes amendment to Section 6001 of Title 68 by requiring that charter aircraft be used in that capacity for at least 50% of its annual operation to fall within the definition of commercial airline for purposes of the aircraft excise tax exemption in Section 6003 of Title 68.

Section 2 proposes amendment to Section 6003 of Title 68 by modifying the aircraft excise tax exemption afforded aircraft purchased or used by commercial airlines providing that aircraft in order to qualify for this exemption cannot operate under Part 91 of Title 14 of the Code of Federal Regulations, 14 CFR, Part 91, for more than fifty percent of its annual operations.

EFFECTIVE DATE: July 1, 2017 - Emergency

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 18: Unknown

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 18: None

Feb. 13, 2017
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-13-17
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/13/17
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT-SB 442-[Introduced]-Prepared February 12, 2017

Section 1 proposes amendment to Section 6001 of Title 68 by requiring that charter aircraft be used in that capacity for at least 50% of its annual operation to fall within the definition of commercial airline for purposes of the aircraft excise tax exemption in Section 6003 of Title 68.

Section 2 proposes amendment to Section 6003 of Title 68 by modifying the aircraft excise tax exemption afforded aircraft purchased or used by commercial airlines providing that aircraft in order to qualify for this exemption cannot operate under Part 91 of Title 14 of the Code of Federal Regulations, 14 CFR, Part 91, for more than fifty percent of its annual operations.

Due to the timing of the imposition of aircraft excise tax, there is no effective procedure in which to determine the future use of an aircraft for exemption purposes. Further, no specific statutory authority exists to tax an aircraft which is no longer utilized in an exempt manner under circumstances where the aircraft properly qualified for exemption at the time of imposition of the excise tax. Additionally the reference to the Code of Federal Regulations is too broad and does not definitively outline the parameters of the restricted use of the aircraft for purposes of exemption qualification.

Consequently, the impact on aircraft excise tax revenues occurring as a result of this measure is unknown.