

SB0455



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB0455

Introduced 2/8/2007, by Sen. James F. Clayborne, Jr. - William R. Haine

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-6 new
35 ILCS 110/3-6 new
35 ILCS 115/3-6 new
35 ILCS 120/2-5.6 new

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Exempts the use or sale of certain aircraft and aircraft parts and materials. Provides that the sunset provisions under the Acts do not apply to these exemptions. Effective immediately.

LRB095 03744 BDD 23773 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Use Tax Act is amended by adding Section 3-6
5 as follows:

6 (35 ILCS 105/3-6 new)

7 Sec. 3-6. Exemptions for certain aircraft, parts, and
8 materials.

9 (a) Beginning on July 1, 2007, no tax is imposed under this
10 Act on the use of the following items by a domestic air
11 carrier:

12 (1) an aircraft that has a maximum certificated takeoff
13 weight of at least 6,000 pounds that is used solely in the
14 transport of air cargo, passengers, or a combination of air
15 cargo and passengers; and

16 (2) parts and materials, excluding shop equipment and
17 fuel, affixed or to be affixed to an aircraft that has a
18 maximum certificated takeoff weight of at least 6,000
19 pounds that is used solely in the transport of air cargo,
20 passengers, or a combination of air cargo and passengers.

21 (b) Beginning on July 1, 2007, no tax is imposed under this
22 Act on the use of parts and materials, excluding shop equipment
23 and fuel, that are affixed to an aircraft that meets all of the

1 following conditions:

2 (1) the aircraft leaves the State within 15 days after
3 the occurrence of the sooner of (i) the issuance of the
4 final billing or (ii) the authorized approval for final
5 return to service, completion of the maintenance record
6 entry, and completion of the test flight and ground test
7 for inspection, as required by 14 C.F.R. 91.407;

8 (2) the aircraft is not based or registered in this
9 State before the parts or materials are affixed to the
10 aircraft; and

11 (3) the aircraft is not based or registered in this
12 State after the parts or materials are affixed to the
13 aircraft.

14 (c) Beginning on July 1, 2007, no tax is imposed under this
15 Act on the use of an aircraft that is temporarily located in
16 this State for the purpose of a prepurchase evaluation or the
17 purpose of a post-sale customization if all of the following
18 conditions are met:

19 (1) the aircraft leaves the State within 15 days after
20 the occurrence of the sooner of (i) the issuance of the
21 final billing or (ii) the authorized approval for final
22 return to service, completion of the maintenance record
23 entry, and completion of the test flight and ground test
24 for inspection, as required by 14 C.F.R. 91.407;

25 (2) the aircraft is not based or registered in this
26 State before the prepurchase evaluation or post-sale

1 customization; and

2 (3) the aircraft is not based or registered in this
3 State after the prepurchase evaluation or post-sale
4 customization.

5 (d) Beginning on July 1, 2007, no tax is imposed under this
6 Act on the use of an aircraft that is sold to a person for a
7 subsequent lease to a domestic air carrier that is operating
8 under a certificate issued by the Federal Aviation
9 Administration under 14 C.F.R. 121 and that will use the
10 aircraft solely in the regularly-scheduled transport of
11 passengers.

12 (e) For the purposes of this Section:

13 "Based in this State" means hangared or stored in Illinois
14 for not less than 10 days in not less than 3 nonconsecutive
15 months during the immediately preceding period.

16 "Domestic air carrier" means only those entities that are
17 engaged primarily, as a business activity, in the commercial
18 transport for hire of air cargo, passengers, or a combination
19 of air cargo and passengers.

20 "Prepurchase evaluation" means an examination of an
21 aircraft to provide a potential purchaser with information
22 relevant to the potential purchase.

23 "Post-sale customization" means an improvement,
24 maintenance, or repair that is performed on an aircraft
25 following a transfer of ownership of the aircraft.

26 (f) This Section is exempt from the provisions of Section

1 3-90.

2 Section 10. The Service Use Tax Act is amended by adding
3 Section 3-6 as follows:

4 (35 ILCS 110/3-6 new)

5 Sec. 3-6. Exemptions for certain aircraft, parts, and
6 materials.

7 (a) Beginning on July 1, 2007, no tax is imposed under this
8 Act on the use of the following items by a domestic air
9 carrier:

10 (1) an aircraft that has a maximum certificated takeoff
11 weight of at least 6,000 pounds that is used solely in the
12 transport of air cargo, passengers, or a combination of air
13 cargo and passengers; and

14 (2) parts and materials, excluding shop equipment and
15 fuel, affixed or to be affixed to an aircraft that has a
16 maximum certificated takeoff weight of at least 6,000
17 pounds that is used solely in the transport of air cargo,
18 passengers, or a combination of air cargo and passengers.

19 (b) Beginning on July 1, 2007, no tax is imposed under this
20 Act on the use of parts and materials, excluding shop equipment
21 and fuel, that are affixed to an aircraft that meets all of the
22 following conditions:

23 (1) the aircraft leaves the State within 15 days after
24 the occurrence of the sooner of (i) the issuance of the

1 final billing or (ii) the authorized approval for final
2 return to service, completion of the maintenance record
3 entry, and completion of the test flight and ground test
4 for inspection, as required by 14 C.F.R. 91.407;

5 (2) the aircraft is not based or registered in this
6 State before the parts or materials are affixed to the
7 aircraft; and

8 (3) the aircraft is not based or registered in this
9 State after the parts or materials are affixed to the
10 aircraft.

11 (c) Beginning on July 1, 2007, no tax is imposed under this
12 Act on the use of an aircraft that is temporarily located in
13 this State for the purpose of a prepurchase evaluation or the
14 purpose of a post-sale customization if all of the following
15 conditions are met:

16 (1) the aircraft leaves the State within 15 days after
17 the occurrence of the sooner of (i) the issuance of the
18 final billing or (ii) the authorized approval for final
19 return to service, completion of the maintenance record
20 entry, and completion of the test flight and ground test
21 for inspection, as required by 14 C.F.R. 91.407;

22 (2) the aircraft is not based or registered in this
23 State before the prepurchase evaluation or post-sale
24 customization; and

25 (3) the aircraft is not based or registered in this
26 State after the prepurchase evaluation or post-sale

1 customization.

2 (d) Beginning on July 1, 2007, no tax is imposed under this
3 Act on the use of an aircraft that is sold to a person for a
4 subsequent lease to a domestic air carrier that is operating
5 under a certificate issued by the Federal Aviation
6 Administration under 14 C.F.R. 121 and that will use the
7 aircraft solely in the regularly-scheduled transport of
8 passengers.

9 (e) For the purposes of this Section:

10 "Based in this State" means hangared or stored in Illinois
11 for not less than 10 days in not less than 3 nonconsecutive
12 months during the immediately preceding period.

13 "Domestic air carrier" means only those entities that are
14 engaged primarily, as a business activity, in the commercial
15 transport for hire of air cargo, passengers, or a combination
16 of air cargo and passengers.

17 "Prepurchase evaluation" means an examination of an
18 aircraft to provide a potential purchaser with information
19 relevant to the potential purchase.

20 "Post-sale customization" means an improvement,
21 maintenance, or repair that is performed on an aircraft
22 following a transfer of ownership of the aircraft.

23 (f) This Section is exempt from the provisions of Section
24 3-75.

25 Section 15. The Service Occupation Tax Act is amended by

1 adding Section 3-6 as follows:

2 (35 ILCS 115/3-6 new)

3 Sec. 3-6. Exemptions for certain aircraft, parts, and
4 materials.

5 (a) Beginning on July 1, 2007, no tax is imposed under this
6 Act on the sale of the following items by a domestic air
7 carrier:

8 (1) an aircraft that has a maximum certificated takeoff
9 weight of at least 6,000 pounds that is used solely in the
10 transport of air cargo, passengers, or a combination of air
11 cargo and passengers; and

12 (2) parts and materials, excluding shop equipment and
13 fuel, affixed or to be affixed to an aircraft that has a
14 maximum certificated takeoff weight of at least 6,000
15 pounds that is used solely in the transport of air cargo,
16 passengers, or a combination of air cargo and passengers.

17 (b) Beginning on July 1, 2007, no tax is imposed under this
18 Act on the sale of parts and materials, excluding shop
19 equipment and fuel, that are affixed to an aircraft that meets
20 all of the following conditions:

21 (1) the aircraft leaves the State within 15 days after
22 the occurrence of the sooner of (i) the issuance of the
23 final billing or (ii) the authorized approval for final
24 return to service, completion of the maintenance record
25 entry, and completion of the test flight and ground test

1 for inspection, as required by 14 C.F.R. 91.407;

2 (2) the aircraft is not based or registered in this
3 State before the parts or materials are affixed to the
4 aircraft; and

5 (3) the aircraft is not based or registered in this
6 State after the parts or materials are affixed to the
7 aircraft.

8 (c) Beginning on July 1, 2007, no tax is imposed under this
9 Act on the sale of an aircraft that is temporarily located in
10 this State for the purpose of a prepurchase evaluation or the
11 purpose of a post-sale customization if all of the following
12 conditions are met:

13 (1) the aircraft leaves the State within 15 days after
14 the occurrence of the sooner of (i) the issuance of the
15 final billing or (ii) the authorized approval for final
16 return to service, completion of the maintenance record
17 entry, and completion of the test flight and ground test
18 for inspection, as required by 14 C.F.R. 91.407;

19 (2) the aircraft is not based or registered in this
20 State before the prepurchase evaluation or post-sale
21 customization; and

22 (3) the aircraft is not based or registered in this
23 State after the prepurchase evaluation or post-sale
24 customization.

25 (d) Beginning on July 1, 2007, no tax is imposed under this
26 Act on the sale of an aircraft that is sold to a person for a

1 subsequent lease to a domestic air carrier that is operating
2 under a certificate issued by the Federal Aviation
3 Administration under 14 C.F.R. 121 and that will use the
4 aircraft solely in the regularly-scheduled transport of
5 passengers.

6 (e) For the purposes of this Section:

7 "Based in this State" means hangared or stored in Illinois
8 for not less than 10 days in not less than 3 nonconsecutive
9 months during the immediately preceding period.

10 "Domestic air carrier" means only those entities that are
11 engaged primarily, as a business activity, in the commercial
12 transport for hire of air cargo, passengers, or a combination
13 of air cargo and passengers.

14 "Prepurchase evaluation" means an examination of an
15 aircraft to provide a potential purchaser with information
16 relevant to the potential purchase.

17 "Post-sale customization" means an improvement,
18 maintenance, or repair that is performed on an aircraft
19 following a transfer of ownership of the aircraft.

20 (f) This Section is exempt from the provisions of Section
21 3-55.

22 Section 20. The Retailers' Occupation Tax Act is amended by
23 adding Section 2-5.6 as follows:

24 (35 ILCS 120/2-5.6 new)

1 Sec. 2-5.6. Exemptions for certain aircraft, parts, and
2 materials.

3 (a) Beginning on July 1, 2007, no tax is imposed under this
4 Act on the sale of the following items by a domestic air
5 carrier:

6 (1) an aircraft that has a maximum certificated takeoff
7 weight of at least 6,000 pounds that is used solely in the
8 transport of air cargo, passengers, or a combination of air
9 cargo and passengers; and

10 (2) parts and materials, excluding shop equipment and
11 fuel, affixed or to be affixed to an aircraft that has a
12 maximum certificated takeoff weight of at least 6,000
13 pounds that is used solely in the transport of air cargo,
14 passengers, or a combination of air cargo and passengers.

15 (b) Beginning on July 1, 2007, no tax is imposed under this
16 Act on the sale of parts and materials, excluding shop
17 equipment and fuel, that are affixed to an aircraft that meets
18 all of the following conditions:

19 (1) the aircraft leaves the State within 15 days after
20 the occurrence of the sooner of (i) the issuance of the
21 final billing or (ii) the authorized approval for final
22 return to service, completion of the maintenance record
23 entry, and completion of the test flight and ground test
24 for inspection, as required by 14 C.F.R. 91.407;

25 (2) the aircraft is not based or registered in this
26 State before the parts or materials are affixed to the

1 aircraft; and

2 (3) the aircraft is not based or registered in this
3 State after the parts or materials are affixed to the
4 aircraft.

5 (c) Beginning on July 1, 2007, no tax is imposed under this
6 Act on the sale of an aircraft that is temporarily located in
7 this State for the purpose of a prepurchase evaluation or the
8 purpose of a post-sale customization if all of the following
9 conditions are met:

10 (1) the aircraft leaves the State within 15 days after
11 the occurrence of the sooner of (i) the issuance of the
12 final billing or (ii) the authorized approval for final
13 return to service, completion of the maintenance record
14 entry, and completion of the test flight and ground test
15 for inspection, as required by 14 C.F.R. 91.407;

16 (2) the aircraft is not based or registered in this
17 State before the prepurchase evaluation or post-sale
18 customization; and

19 (3) the aircraft is not based or registered in this
20 State after the prepurchase evaluation or post-sale
21 customization.

22 (d) Beginning on July 1, 2007, no tax is imposed under this
23 Act on the sale of an aircraft that is sold to a person for a
24 subsequent lease to a domestic air carrier that is operating
25 under a certificate issued by the Federal Aviation
26 Administration under 14 C.F.R. 121 and that will use the

1 aircraft solely in the regularly-scheduled transport of
2 passengers.

3 (e) For the purposes of this Section:

4 "Based in this State" means hangared or stored in Illinois
5 for not less than 10 days in not less than 3 nonconsecutive
6 months during the immediately preceding period.

7 "Domestic air carrier" means only those entities that are
8 engaged primarily, as a business activity, in the commercial
9 transport for hire of air cargo, passengers, or a combination
10 of air cargo and passengers.

11 "Prepurchase evaluation" means an examination of an
12 aircraft to provide a potential purchaser with information
13 relevant to the potential purchase.

14 "Post-sale customization" means an improvement,
15 maintenance, or repair that is performed on an aircraft
16 following a transfer of ownership of the aircraft.

17 (f) This Section is exempt from the provisions of Section
18 2-70.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.