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State of Minnesota
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH SESSION

H. F. No. 811

02/21/2013 Authored by Persell, Carlson, Dill, Beard, Davids and others
The bill was read for the first time and referred to the Committee on Taxes
02/25/2013 By motion, recalled and re-referred to the Committee on Transportation Finance

1.1 A bill for an act
1.2 relating to taxation; modifying provisions related to aircraft sales taxes, jet and
1.3 special fuel excise taxes, and aircraft registration taxes; amending Minnesota
1.4 Statutes 2012, sections 296A.09, subdivision 2; 296A.17, subdivision 3;
1.5 297A.82, subdivision 4; 360.531, subdivisions 2, 4, by adding a subdivision;
1.6 repealing Minnesota Statutes 2012, section 360.531, subdivisions 3, 6.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2012, section 296A.09, subdivision 2, is amended to read:

1.9 Subd. 2. **Jet fuel and special fuel tax imposed.** There is imposed an excise tax
1.10 of ~~the same rate~~ ten cents per gallon as ~~the aviation gasoline~~ on all jet fuel or special
1.11 fuel received, sold, stored, or withdrawn from storage in this state, for use as substitutes
1.12 for aviation gasoline and not otherwise taxed as gasoline. Jet fuel is defined in section
1.13 296A.01, subdivision 8.

1.14 Sec. 2. Minnesota Statutes 2012, section 296A.17, subdivision 3, is amended to read:

1.15 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly
1.16 paid the excise tax on aviation gasoline ~~or special fuel~~ for aircraft use provided for
1.17 by this chapter; shall, as to all ~~such~~ aviation gasoline ~~and special fuel~~ received, stored,
1.18 or withdrawn from storage by the person in this state in any calendar year and not sold
1.19 or otherwise disposed of to others, or intended for sale or other disposition to others, on
1.20 which ~~such~~ the tax has been ~~so~~ paid, be entitled to the following graduated reductions in
1.21 ~~such the~~ the tax for that calendar year, to be obtained by means of the following refunds:

1.22 (1) on each gallon of ~~such~~ aviation gasoline ~~or special fuel~~ up to 50,000 gallons, all
1.23 but five cents per gallon;

(2) on each gallon of ~~such~~ aviation gasoline or ~~special fuel~~ above 50,000 gallons and not more than 150,000 gallons, all but two cents per gallon;

(3) on each gallon of ~~such~~ aviation gasoline or ~~special fuel~~ above 150,000 gallons and not more than 200,000 gallons, all but one cent per gallon;

(4) on each gallon of ~~such~~ aviation gasoline or ~~special fuel~~ above 200,000, all but one-half cent per gallon.

Sec. 3. Minnesota Statutes 2012, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and maintenance of such air flight equipment, and flight simulators, but does not include airplanes with a gross weight of less than 30,000 pounds that are used on intermittent or irregularly timed flights.

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of aircraft operated under Federal Aviation Regulations, Parts 91 and 135, including airflight equipment and parts necessary for repair and maintenance of aircraft, together with associated installation charges, are exempt.

Sec. 4. Minnesota Statutes 2012, section 360.531, subdivision 2, is amended to read:

Subd. 2. **Rate.** The tax shall be ~~at the rate of one percent of value; provided that the minimum tax on an aircraft subject to the provisions of sections 360.511 to 360.67 shall not be less than 25 percent of the tax on said aircraft computed on its base price or \$50 whichever is the higher.~~ based on the base price of the aircraft as follows:

<u>Base price</u>	<u>Tax</u>
<u>Under \$1,000,000</u>	<u>\$100</u>
<u>\$1,000,000 to \$4,999,999</u>	<u>\$2,500</u>
<u>\$5,000,000 to \$9,999,999</u>	<u>\$8,000</u>
<u>\$10,000,000 to \$14,999,999</u>	<u>\$10,000</u>
<u>\$15,000,000 to \$19,999,999</u>	<u>\$12,500</u>
<u>\$20,000,000 to \$24,999,999</u>	<u>\$15,000</u>
<u>\$25,000,000 to \$29,999,999</u>	<u>\$35,000</u>
<u>\$30,000,000 and over</u>	<u>\$50,000</u>

Sec. 5. Minnesota Statutes 2012, section 360.531, subdivision 4, is amended to read:

Subd. 4. **Base price for taxation.** For the purpose of fixing a base price for taxation ~~from which depreciation in value at a fixed percent per annum can be counted, such, the~~ base price is defined as follows:

(a) The base price for taxation of an aircraft shall be the manufacturer's list price.

(b) The commissioner shall have authority to fix the base value for taxation purposes of any aircraft of which no such similar or corresponding model has been manufactured, and of any rebuilt or foreign aircraft, any aircraft on which a record of the list price is not available, or any military aircraft converted for civilian use, using as a basis for ~~such~~ valuation the list price of aircraft with comparable performance characteristics, and taking into consideration the age and condition of the aircraft.

Sec. 6. Minnesota Statutes 2012, section 360.531, is amended by adding a subdivision to read:

Subd. 10. **Applicability.** For any aircraft registered in this state before July 1, 2013, the annual tax under this section must not exceed the lowest amount of annual tax previously paid or due to this state on the aircraft.

Sec. 7. **REPEALER.**

Minnesota Statutes 2012, section 360.531, subdivisions 3 and 6, are repealed.

Sec. 8. **EFFECTIVE DATE.**

- 4.1 Sections 1 to 3 are effective July 1, 2013, and apply to sales and purchases made
4.2 on and after that date. Sections 4 to 7 are effective July 1, 2013, and apply to aircraft
4.3 registration on and after that date.

APPENDIX
Repealed Minnesota Statutes: 13-1044

360.531 TAXATION.

Subd. 3. **First year of life.** "First year of life" means the year the aircraft was manufactured.

Subd. 6. **Depreciation.** After the first year of aircraft life the base value for taxation purposes shall be reduced as follows: ten percent the second year, and 15 percent the third and each succeeding year thereafter, but in no event shall such tax be reduced below the minimum.