

(SENATE AUTHORS: LILLIE)

| DATE | D-PG | OFFICIAL STATUS |
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| 03/23/2011 | 632 | Introduction and first reading Referred to Transportation |

1.1A bill for an act

1.2relating to taxation; increasing tax on special fuel used as substitute for aviation

1.3gasoline; basing aircraft property tax on maximum takeoff weight; removing

1.4obsolete language and making clarifying changes; amending Minnesota Statutes

1.52010, sections 296A.09, subdivisions 2, 6; 296A.17, subdivisions 1, 3; 360.511,

1.6by adding a subdivision; 360.531, subdivisions 1, 2, 8, 9, by adding a subdivision;

1.7360.57; repealing Minnesota Statutes 2010, section 360.531, subdivisions 3, 4, 6.

1.8BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9Section 1. Minnesota Statutes 2010, section 296A.09, subdivision 2, is amended to

1.10read:

1.11Subd. 2. **Special fuel tax imposed.** There is imposed an excise tax of ~~the same rate~~

1.12~~ten cents per gallon as the aviation gasoline~~ on all jet fuel or special fuel received, sold,

1.13stored, or withdrawn from storage in this state, for use as substitutes for aviation gasoline

1.14and not otherwise taxed as gasoline. Jet fuel is defined in section 296A.01, subdivision 8.

1.15Sec. 2. Minnesota Statutes 2010, section 296A.09, subdivision 6, is amended to read:

1.16Subd. 6. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to

1.17aviation gasoline or jet fuel purchased by an ambulance service licensed under chapter

1.18144E, or to commercial aerial applicators licensed under chapter 18B.

1.19Sec. 3. Minnesota Statutes 2010, section 296A.17, subdivision 1, is amended to read:

1.20Subdivision 1. **Aviation refund requirements.** Any person claiming to be entitled

1.21to any refund or credit provided for in subdivision 3 shall receive the refund or credit

1.22upon filing with the commissioner a claim in such form and manner prescribed by the

1.23commissioner. The claim shall set forth, among other things, the total number of gallons

of aviation gasoline ~~or special fuel for aircraft use~~ upon which the claimant has directly or indirectly paid the excise tax provided for in this chapter, during the calendar year, which has been received, stored, or withdrawn from storage by the claimant in this state and not sold or otherwise disposed of to others. All claims for refunds under this subdivision shall be made on or before April 30 following the end of the calendar year for which the refund is claimed.

Sec. 4. Minnesota Statutes 2010, section 296A.17, subdivision 3, is amended to read:

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

(1) on each gallon of such aviation gasoline ~~or special fuel~~ up to 50,000 gallons, all 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. 5. Minnesota Statutes 2010, section 360.511, is amended by adding a subdivision to read:

Subd. 24a. **Maximum takeoff weight.** "Maximum takeoff weight" means the maximum weight authorized for takeoff of a particular aircraft.

Sec. 6. Minnesota Statutes 2010, section 360.531, subdivision 1, is amended to read:

Subdivision 1. **In lieu tax.** All aircraft using the air space overlying the state of Minnesota or the airports thereof, except as set forth in section 360.55, shall be taxed in lieu of all other taxes thereon, on the basis ~~and at the rate for the period January 1, 1966, to June 30, 1967, and for each fiscal year as follows~~ of maximum takeoff weight except as otherwise provided in this section for registration periods beginning on and after July 1, 2011.

Sec. 7. Minnesota Statutes 2010, 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.~~ for registration periods beginning from July 1, 2011, to June 30, 2012:

| <u>Maximum takeoff weight:</u> | <u>Amount of tax:</u> |
|--------------------------------|-----------------------|
| <u>Over 40,001 pounds</u> | <u>\$35,000</u> |
| <u>30,001 to 40,000 pounds</u> | <u>\$30,000</u> |
| <u>20,001 to 30,000 pounds</u> | <u>\$25,000</u> |
| <u>15,001 to 20,000 pounds</u> | <u>\$20,000</u> |
| <u>12,501 to 15,000 pounds</u> | <u>\$10,000</u> |
| <u>6,001 to 12,500 pounds</u> | <u>\$5,000</u> |
| <u>Under 6,001 pounds</u> | <u>\$1,500</u> |

For registration periods beginning on and after July 1, 2012, and in each fiscal year after:

| <u>Maximum takeoff weight:</u> | <u>Amount of tax:</u> |
|--------------------------------|-----------------------|
| <u>Over 40,001 pounds</u> | <u>\$30,000</u> |
| <u>30,001 to 40,000 pounds</u> | <u>\$25,000</u> |
| <u>20,001 to 30,000 pounds</u> | <u>\$20,000</u> |
| <u>15,001 to 20,000 pounds</u> | <u>\$15,000</u> |
| <u>12,501 to 15,000 pounds</u> | <u>\$10,000</u> |
| <u>6,001 to 12,500 pounds</u> | <u>\$5,000</u> |
| <u>Under 6,001 pounds</u> | <u>\$1,500</u> |

For an aircraft for which aircraft registration tax was due and paid between July 1, 2010, and June 30, 2011, the amount of the tax each year is the lesser of the amount paid between July 1, 2010, and June 30, 2011, or the tax computed under this subdivision.

Sec. 8. Minnesota Statutes 2010, section 360.531, subdivision 8, is amended to read:

Subd. 8. **Tax, fiscal year.** Every aircraft subject to ~~the provisions of sections 360.511 to 360.67 which that~~ has at any time since April 19, 1945, used the air space overlying the state of Minnesota or ~~the its airports thereof~~ shall be taxed ~~for the period from January 1, 1966, through June 30, 1967, and~~ for each fiscal year thereafter in which it is so used. Any aircraft ~~which that~~ does not use the air space overlying the state of Minnesota or ~~the its airports thereof at any time during the period of January 1, 1966, to and including June 30, 1967, or~~ at any time during any fiscal year thereafter shall not be subject to the tax provided by sections 360.511 to 360.67 for ~~such that~~ period. Rebuilt aircraft shall be

subject to the tax provided by sections 360.511 to 360.67 for that portion of the aforesaid periods remaining after the aircraft has been rebuilt, prorated on a monthly basis.

Sec. 9. Minnesota Statutes 2010, section 360.531, is amended by adding a subdivision to read:

Subd. 8a. **Turbine-powered business and general aviation.** A resident of this state and an entity based in this state who owns turbine-powered business aircraft or general aviation aircraft shall pay a filing fee of \$25 to the commissioner and file an affidavit with the commissioner that states:

(1) the name and address of the owner;

(2) the name and address of the person or entity from whom the aircraft was purchased; and

(3) the aircraft's make, year, model number, federal aircraft registration number, and manufacturer's identification number.

Sec. 10. Minnesota Statutes 2010, section 360.531, subdivision 9, is amended to read:

Subd. 9. **Assessed as personal property in certain cases.** Aircraft subject to taxation under the provisions of sections 360.54 to 360.67 shall not be assessed as personal property and shall be subject to no tax except as provided for by these sections. Aircraft not subject to taxation as provided in these sections, but subject to taxation as personal property within the state of Minnesota shall be assessed and valued at 33-1/3 percent of the market value thereof and taxed at the rate and in the manner provided by law for the taxation of ordinary personal property. If the person against whom any tax has been levied on the ad valorem basis because of any aircraft shall, during the calendar year for which such ad valorem tax is levied, be also taxed under provisions of these sections, then and in that event, upon proper showing, the commissioner of revenue shall grant to the person against whom said ad valorem tax was levied, such reduction or abatement of net tax capacity or taxes as was occasioned by the so-called ad valorem tax imposed. If the ad valorem tax upon any aircraft has been assessed against a dealer in new and used aircraft, and the tax imposed by these sections for the required period is thereafter paid by the owner, then and in that event, upon proper showing, the commissioner of revenue, upon the application of said dealer, shall grant to such dealer against whom said ad valorem tax was levied such reduction or abatement of net tax capacity or taxes as was occasioned by the so-called ad valorem tax imposed. Aircraft engaged in air commerce, within the meaning of section 360.511, subdivision 4, is subject to taxation under this subdivision.

5.1 Sec. 11. Minnesota Statutes 2010, section 360.57, is amended to read:

5.2 **360.57 FILING SWORN STATEMENT BY MANUFACTURER.**

5.3 Every manufacturer of an aircraft sold or offered for sale within this state, either by
5.4 the manufacturer, distributor, dealer, or any other person, shall, on or before the first day in
5.5 August of each year, file in the office of the commissioner a sworn statement showing
5.6 the various models manufactured by the manufacturer and the ~~retail list price~~ maximum
5.7 takeoff weight of each model being manufactured August 1 of that year, and shall also
5.8 file with the commissioner, in such form as manufacturers usually use for advertising,
5.9 complete specifications of the construction of each model that has been manufactured by
5.10 the manufacturer. Upon each change in ~~such price~~ the maximum takeoff weight and upon
5.11 the manufacture of each new model thereafter such manufacturer shall in like manner file
5.12 a new statement setting forth such change.

5.13 Sec. 12. **REPEALER.**

5.14 Minnesota Statutes 2010, section 360.531, subdivisions 3, 4, and 6, are repealed.

5.15 Sec. 13. **EFFECTIVE DATE.**

5.16 This act is effective July 1, 2011.

APPENDIX
Repealed Minnesota Statutes: 11-2797

360.531 TAXATION.

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

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 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.

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.