

1 Department of Revenue

2

3 Adopted Amendment to Permanent Sales and Use Tax Rules Relating
4 to Airflight Equipment

5

6 Rules as Adopted

7 8130.6000 AIRFLIGHT EQUIPMENT.

8 Subpart 1. General rule. The sales and use tax does not
9 apply to sales of airflight equipment to, and the storage, use,
10 or other consumption of such property by airline companies which
11 are subject to tax under Minnesota Statutes, sections 270.071 to
12 270.079 (hereinafter airflight property tax). The definitions
13 of airflight equipment contained in Minnesota Statutes, sections
14 270.071, and 297A.25, subdivision 14, are similar but are not
15 coincident. ~~It is necessary therefore to ascertain what~~ This
16 part identifies the airflight equipment that is exempted from
17 tax imposed by Minnesota Statutes, section 297A.027 ~~by reference~~
18 ~~to the definitions of airflight equipment contained in this part~~
19 ~~and Minnesota Statutes, section 297A.25, subdivision 14.~~

20 Subp. 2. Definitions. The definitions in this subpart
21 apply to this part.

22 A. "Aircraft" means a contrivance used or designed
23 for the navigation of or flight in the air.

24 B. "Airflight equipment" means airplanes, aircraft
25 communications and navigational equipment, flight crew
26 equipment, flight simulators, hydraulics equipment, and all
27 parts that are affixed thereto and become component parts
28 thereof including hydraulic fluid, parts necessary for the
29 repair and maintenance of the listed equipment, and any other
30 property subject to assessment under Minnesota airflight
31 property tax. Airflight equipment does not include lubricants,
32 repair equipment and tools, ramp equipment, or other equipment
33 such as broilers, dishes, food boxes, thermos jugs, blankets,
34 and other equipment not subject to assessment under Minnesota
35 airflight property tax.

1 C. "Airline company" means a person who undertakes,
2 directly or indirectly, to:

3 (1) engage in the business of transportation by
4 aircraft of persons or property for hire in interstate,
5 intrastate, or international transportation on regularly
6 scheduled flights or on intermittent or irregularly timed
7 flights ~~by persons in the business of providing such service;~~

8 (2) engage in the business of intermittent or
9 irregularly timed flights, flights arranged at the convenience
10 of an airline and ~~the~~ a person contracting for the
11 transportation, or charter flights making three or more flights
12 into or out of Minnesota in a year; or

13 (3) hold out to the public that it will undertake
14 to transport property or persons as an air carrier, and enter
15 into contracts wherein it binds itself to so transport property
16 or persons.

17 Airline company does not include casual transportation for
18 hire by aircraft commonly owned and used for private airflight
19 purposes if the person furnishing the transportation does not
20 hold itself out to be engaged regularly in air transportation
21 for hire.

22 D. "Indirectly" means ~~a person holds~~ to hold out to
23 the public that ~~it~~ a person will undertake to transport persons
24 or property by air and ~~enters~~ enter into contracts with shippers
25 wherein ~~it~~ the person binds itself to discharge such
26 undertakings with regard to particular shipments. Indirect air
27 carriers include travel agents, tour operators, and social clubs
28 which sell tours or air transportation, air freight forwarders
29 and others who were subject to rate regulation, or others who
30 operate very much like an air carrier.

31 Subp. 3. Exemptions.

32 A. An airline company is exempt from sales and use
33 tax when it purchases airflight equipment if it is subject to
34 Minnesota airflight property tax on those purchases. The
35 purchase of flight simulators is specifically exempted in
36 Minnesota Statutes, section 297A.25, subdivision 14. If an

1 airline company is exempt from airflight property tax, its
2 purchases of airflight property are subject to sales and use tax
3 imposed by Minnesota Statutes, chapter 297A.

4 ~~B.---The-exemptions-and-exceptions-contained-generally~~
5 ~~in-Minnesota-Statutes,-chapter-297A,-may-apply-regardless-of~~
6 ~~whether-the-exemption-for-airline-companies-subject-to-Minnesota~~
7 ~~airflight-property-tax-applies.~~