

Department of Finance and Administration

Legislative Impact Statement

Bill: HB2278

Amendment Number: H1

Bill Subtitle: TO AMEND THE SALES TAX EXEMPTION FOR SALES OF CERTAIN AIRCRAFT.

Basic Change :

Sponsor: Representative Jett

Engrossment 03/10/17 --- House Amendment 1 --- The amendment provides clarification that the aircraft eligible for the exemption from sales tax are aircraft that are sold by a seller located in this state; have a certified maximum take-off weight of more than nine thousand five hundred pounds (9,500 lbs.); and are to be based outside of Arkansas. Possession of the aircraft may be taken in Arkansas for the sole purpose of removing the aircraft from the state. The amendment also provides a definition for the term "maximum take-off weight" to mean the maximum gross weight due to design or operational limitations at which an aircraft is permitted to take off." The amendment adds an emergency clause and the Act would be effective upon approval by the Governor.

Original Bill --- The bill amends sales tax code provisions regarding the sale of aircraft in Arkansas to amend language referencing sales made by residents of other states selling aircraft in Arkansas to other out-of-state residents.

Revenue Impact :

No impact to existing state General Revenues or revenues to the Department of Aeronautics.

Taxpayer Impact :

Out-of-state purchasers of certain types of aircraft may take possession in Arkansas without payment of state sales taxes.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

Provide notification to aircraft sellers of the code provision.

Other Comments :

None.

Legal Analysis :

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HB2278-H1 rewrites HB2278 as originally introduced. The amendment provides for the tax exemption in the original situation of both buyer and seller being located out of state. The amendment also allows that a transaction by an in-state seller will qualify for a tax exemption in a situation where the plane will be based outside of state (even if delivery is taken in Arkansas) and the take-off weight of more than 9,500 lbs. The amendment also adds an emergency clause.

HB2278, as originally introduced, widens an existing exemption for aircraft sales. Originally, Arkansas law provided a sales tax exemption for aircraft located within the state if the buyer and seller were located outside of the state and the aircraft would be based outside of the State of Arkansas. This bill allows for an Arkansas resident to sell a plane to a non-resident who bases the plane outside of Arkansas without having to collect sales tax. This bill appears to create the exemption even where the purchaser takes delivery of the plane within Arkansas.