

077432820

SENATE BILL NO. 1172

Senate Amendments in [] — February 2, 2007

A BILL to amend and reenact § 58.1-1505 of the Code of Virginia, relating to exemptions from the aircraft sales and use tax.

Patrons Prior to Engrossment—Senator Stolle; Delegate: Suit

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-1505 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-1505. Exemptions.

A. Any aircraft sold to or used by (i) the United States or any of the governmental agencies thereof, (ii) the Commonwealth of Virginia or any political subdivision thereof, (iii) any air carrier operating in intrastate, interstate or foreign commerce providing scheduled air service as defined in § 58.1-1501, (iv) any nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized and operated exclusively for the purpose of providing charitable, long-distance, advanced life-support, air ambulance services for low-income medical patients in the Commonwealth, or (v) an organization which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized for the primary purpose of distributing food, clothing, medicines and other necessities of life to, and providing shelter for, needy persons in the United States and throughout the world shall be exempt from the tax imposed by this chapter.

B. ~~[Any aircraft sold or used that, at the time of the otherwise taxable sale or use is at least 50 years old, and that is used only for (i) exhibit or display to the general public (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation) or (ii) air show and flight demonstrations (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), shall be exempt from the tax imposed by this chapter.— Such exemption shall not apply to any aircraft used for commercial or private general transportation. Aircraft that are (i) considered Warbirds, manufactured and intended for military use, excluding those manufactured after 1954, and (ii) used only for (a) exhibit or display to the general public and otherwise used for educational purposes (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (b) airshow and flight demonstrations (including such flights necessary for testing, maintaining, or preparing such aircraft for safe operation), shall constitute a new class of property. Such class of property shall not include any aircraft used for commercial purposes, including transportation and other services for a fee. State sales and use taxes shall be deferred on such class of property for a period of ten years, so long as the aircraft meets the above use criteria and is not used for commercial purposes. After the ten-year period of use specified above has passed, any tax liability of the owner shall become exempt. However, if the Director of the Department of Aviation determines that such an aircraft was used for commercial purposes or for purposes other than set out in clause (a) and (b) during the ten-year period, the owner shall be liable for the deferred taxes plus interest at a rate equal to the rate of interest established pursuant to § 58.1-15.]~~

2. That the provisions of this act shall be applicable to transactions otherwise taxable under Chapter 15 (§ 58.1-1500 et seq.) of Title 58.1 of the Code of Virginia that occur on or after July 1, 2007.

ENGROSSED

SB1172E