

AVIATION AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill modifies the Motor and Special Fuel Tax Act and the Transportation Code by amending provisions relating to funding for aeronautical operations.

Highlighted Provisions:

This bill:

- ▶ reduces the aviation fuel tax rate that a federally certificated air carrier pays on aviation fuel purchased at an international airport located within a county of the first class that has a United States customs office on its premises from \$.04 to \$.026 on each gallon of aviation fuel;
 - ▶ repeals the \$.015 per gallon aviation fuel tax refund or credit for federally certificated air carriers on gallons of aviation fuel purchased at an international airport located within a county of the first class that has a United States customs office on its premises;
 - ▶ creates the Aeronautics Restricted Account within the Transportation Fund;
 - ▶ provides that certain aviation fuel tax revenue and aircraft registration fees shall be deposited into the Aeronautics Restricted Account;
 - ▶ provides that the Department of Transportation may use funds in the Aeronautics Restricted Account to purchase and operate aircraft for statewide aviation purposes;
- and
- ▶ makes technical changes.



28 **Monies Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 This bill takes effect on July 1, 2009.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **59-13-401**, as last amended by Laws of Utah 1999, Chapter 179

35 **59-13-402**, as last amended by Laws of Utah 2001, Chapter 235

36 **72-10-110**, as last amended by Laws of Utah 2008, Chapter 206

37 ENACTS:

38 **72-2-126**, Utah Code Annotated 1953

39 REPEALS:

40 **59-13-404**, as last amended by Laws of Utah 2008, Chapter 382



42 *Be it enacted by the Legislature of the state of Utah:*

43 Section 1. Section **59-13-401** is amended to read:

44 **59-13-401. Aviation fuel tax -- Rate.**

45 (1) A tax is imposed upon aviation fuel at the rates provided in this section.

46 (2) Except as provided by Subsection (3), the tax on aviation fuel shall be~~[(a)~~
47 ~~beginning July 1, 1999, six cents per gallon; (b) beginning July 1, 2000, eight cents per gallon;~~
48 ~~and (c) beginning July 1, 2001, nine cents]~~ 9 cents per gallon.

49 (3) Aviation fuel purchased for use by a federally certificated air carrier is subject to a
50 tax of ~~[four cents]~~:

51 (a) 4 cents per gallon[-] on aviation fuel purchased other than at an international
52 airport:

- 53 (i) located within a county of the first class; and
- 54 (ii) that has a United States customs office on its premises; or

55 (b) 2.6 cents per gallon on aviation fuel purchased at an international airport:

- 56 (i) located within a county of the first class; and
- 57 (ii) that has a United States customs office on its premises.

58 Section 2. Section **59-13-402** is amended to read:

59 **59-13-402. Revenue from taxes deposited with treasurer -- Credit to Aeronautics**
60 **Restricted Account -- Purposes for which funds may be used -- Allocation of funds --**
61 **Reports -- Returns required.**

62 (1) (a) All revenue received by the commission under this part shall be deposited daily
63 with the state treasurer who shall credit all of the revenue collected to the Transportation Fund.

64 (b) An appropriation from the Transportation Fund shall be made to the commission to
65 cover expenses incurred in the administration and enforcement of this part and the collection of
66 the aviation fuel tax.

67 (c) Refunds to which taxpayers are entitled under this part shall be paid from the
68 Transportation Fund.

69 (2) The state treasurer shall place an amount equal to the total amount received from
70 the sale or use of aviation fuel in the [~~Transportation Fund's Restricted Revenue Account for~~
71 ~~aeronautical operations of the Department of Transportation for:~~] Aeronautics Restricted
72 Account created by Section 72-2-126.

73 [~~(a) the construction, improvement, operation, and maintenance of publicly used~~
74 ~~airports in this state and the payment of principal and interest on indebtedness incurred for~~
75 ~~those purposes;~~]

76 [~~(b) the promotion of aeronautics in this state; and~~]

77 [~~(c) the payment of the costs and expenses of the Department of Transportation in~~
78 ~~administering this part or other law conferring upon it the duty of regulating and supervising~~
79 ~~aeronautics in this state.~~]

80 (3) The tax imposed on each gallon of aviation fuel under Section 59-13-401 shall be
81 allocated to the airport where the aviation fuel was sold and to aeronautical operations of the
82 Department of Transportation as follows:

83	Total	Allocation to	Allocation to
84	Tax	Airport	Aeronautical
85	Allocated		Operations

86 (a) Tax on Each Gallon of Aviation
87 Fuel Purchased for Use by a Federally
88 Certificated Air Carrier Other than at
89 [~~the Salt Lake International Airport~~]

90	<u>an International Airport Located Within a</u>			
91	<u>County of the First Class that has a United</u>			
92	<u>States Customs Office on its Premises</u>	\$.04	\$.03	\$.01
93	(b) Tax, [less a refund or credit]			
94	[claimed under Section 59-13-404,]			
95	on Each Gallon of Aviation			
96	Fuel Purchased for Use by a Certificated			
97	Air Carrier at [the Salt Lake International]			
98	[Airport] <u>an International Airport Located Within</u>			
99	<u>a County of the First Class that has a United</u>			
100	<u>States Customs Office on its Premises</u>	[\$.025] <u>\$.026</u>	\$.015	[\$.01] <u>\$.011</u>
101	(c) Tax on Each Gallon of Aviation			
102	Fuel Purchased for Use by a Person Other			
103	than a Federally Certificated Air Carrier			
104	at [the Salt Lake International Airport]			
105	[beginning July 1, 1999]	\$.06	\$.02	\$.04
106	[beginning July 1, 2000]	\$.08	\$.01	\$.07
107	[beginning July 1, 2001]			
108	<u>an International Airport Located Within a</u>			
109	<u>County of the First Class that has a United</u>			
110	<u>States Customs Office on its Premises</u>	\$.09	\$.00	\$.09
111	(d) Tax on Each Gallon of Aviation Fuel			
112	Purchased for Use by a Person Other			
113	than a Federally Certificated Air Carrier			
114	Other than at [the Salt Lake International Airport]			
115	[beginning July 1, 1999]	\$.06	\$.03	\$.03
116	[beginning July 1, 2000]	\$.08	\$.03	\$.05
117	[beginning July 1, 2001]			
118	<u>an International Airport Located Within a</u>			
119	<u>County of the First Class that has a United</u>			
120	<u>States Customs Office on its Premises</u>	\$.09	\$.03	\$.06

121 (e) The allocation to the publicly used airport may be used at the discretion of the
122 airport's governing authority for the [~~purposes specified in Subsection (2)(a):~~];

123 (i) construction, improvements, operation, and maintenance of publicly used airports in
124 the state; and

125 (ii) payment of principal and interest on indebtedness incurred for the purposes
126 described in Subsection (3)(e)(i).

127 (f) Upon appropriation by the Legislature, the allocation to aeronautical operations of
128 the Department of Transportation shall be used as provided in [~~Subsection (2)~~] the Aeronautics
129 Restricted Account created by Section 72-2-126.

130 (4) (a) The commission shall require reports and returns from distributors, retail
131 dealers, and users in order to enable the commission and the Department of Transportation to
132 allocate the revenue to be credited to [~~the Transportation Fund's Restricted Revenue Account~~
133 ~~for the aeronautical operations of that department~~];

134 (i) the Aeronautics Restricted Account created by Section 72-2-126; and

135 (ii) the separate accounts of individual airports.

136 (b) (i) Except as provided by Subsection (4)(b)(ii), any unexpended amount remaining
137 in the account of any publicly used airport on the first day of January, April, July, and October
138 shall be paid to the authority operating the airport.

139 (ii) Aviation fuel tax allocated to any airport owned and operated by a city of the first
140 class shall be paid to the city treasurer on the first day of each month.

141 (c) The state treasurer shall place aviation fuel tax collected on fuel sold at places other
142 than publicly used airports in the [~~Transportation Fund's Restricted Revenue Account for the~~
143 ~~aeronautical operations of the Department of Transportation~~] Aeronautics Restricted Account
144 created by Section 72-2-126.

145 Section 3. Section **72-2-126** is enacted to read:

146 **72-2-126. Aeronautics Restricted Account.**

147 (1) There is created a restricted account entitled the Aeronautics Restricted Account
148 within the Transportation Fund.

149 (2) The account consists of monies generated from the following revenue sources:

150 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
151 accordance with Section 59-13-402;

152 (b) aircraft registration fees deposited into the account in accordance with Section
153 72-10-110;

154 (c) appropriations made to the account by the Legislature;

155 (d) contributions from other public and private sources for deposit into the account;

156 and

157 (e) interest earned on account monies.

158 (3) The department shall allocate funds in the account to the separate accounts of
159 individual airports as required under Section 59-13-402.

160 (4) The department shall use funds in the account for:

161 (a) the construction, improvement, operation, and maintenance of publicly used
162 airports in this state;

163 (b) the payment of principal and interest on indebtedness incurred for the purposes
164 described in Subsection (4)(a);

165 (c) the purchase and operation of aircraft by the department for statewide purposes;

166 (d) the promotion of aeronautics in this state; and

167 (e) the payment of the costs and expenses of the Department of Transportation in
168 administering Title 59, Chapter 13, Part 4, Aviation Fuel Tax, or other law conferring upon it
169 the duty of regulating and supervising aeronautics in this state.

170 Section 4. Section **72-10-110** is amended to read:

171 **72-10-110. Aircraft registration information requirements -- Registration fee --**

172 **Administration -- Partial year registration.**

173 (1) All applications for aircraft registration shall contain:

174 (a) a description of the aircraft, including:

175 (i) the manufacturer or builder;

176 (ii) the aircraft registration number, type, year of manufacture, or if an experimental
177 aircraft, the year the aircraft was completed and certified for air worthiness by an inspector of
178 the Federal Aviation Administration; and

179 (iii) gross weight;

180 (b) the name and address of the owner of the aircraft; and

181 (c) where the aircraft is located, or the address where the aircraft is usually used or
182 based.

183 (2) (a) Except as provided in Subsection (3), at the time application is made for
184 registration or renewal of registration of an aircraft under this chapter, an annual registration
185 fee of 0.4% of the average wholesale value of the aircraft shall be paid.

186 (b) For purposes of calculating the value of the aircraft under Subsection (2)(a), the
187 Tax Commission shall use the average wholesale value as stated in the Aircraft Bluebook Price
188 Digest.

189 (3) Notwithstanding Subsection (2):

190 (a) the following aircraft shall pay an annual registration fee of \$100:

- 191 (i) an aircraft not listed in the Aircraft Bluebook Price Digest; or
192 (ii) an experimental aircraft.

193 (b) An aircraft 50 years or older shall pay the lesser of:

- 194 (i) \$100; or
195 (ii) the uniform fee provided for under Subsection (2)(a); and

196 (c) an aircraft that does not have a valid airworthiness certificate for a period of six
197 months or more:

- 198 (i) may not apply for a certificate of registration required under Section 72-10-109; and
199 (ii) is exempt from paying a registration fee until the aircraft has a valid airworthiness
200 certificate.

201 (4) (a) The Tax Commission shall provide a registration card to an owner of an aircraft
202 if:

- 203 (i) the owner complies with the registration requirements of this section; and
204 (ii) the owner of the aircraft states that the aircraft has a valid airworthiness certificate.

205 (b) An owner of an aircraft shall carry the registration card in the registered aircraft.

206 (5) The registration fees assessed under this chapter shall be collected by the Tax
207 Commission to be distributed as provided in Subsection (6).

208 (6) ~~[(a)]~~ After deducting the costs of administering all aircraft registrations under this
209 chapter, the Tax Commission shall deposit all remaining aircraft registration fees in the
210 ~~[Transportation Fund's Restricted Revenue Account for aeronautical operations of the~~
211 ~~Department of Transportation to be used as provided in Subsection 59-13-402(2)] Aeronautics
212 Restricted Account created by Section 72-2-126.~~

213 ~~[(b) All interest earned on monies in the Transportation Fund's Restricted Revenue~~

214 ~~Account shall be deposited into the Transportation Fund's Restricted Revenue Account for~~
215 ~~aeronautical operations.]~~

216 (7) Aircraft which are registered under this chapter for less than a full calendar year
217 shall be charged a registration fee which is reduced in proportion to the fraction of the calendar
218 year during which the aircraft is registered in this state.

219 (8) (a) The Utah Division of Aeronautics shall maintain a statewide database of all
220 aircraft based within the state.

221 (b) On or before October 1 of each year, the Utah Division of Aeronautics shall
222 provide the Tax Commission with the data the Tax Commission requires from the database
223 described in Subsection (8)(a).

224 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
225 commission may by rule define the contents of the database described in Subsection (8)(a).

226 (9) The Tax Commission may suspend or revoke a registration if it determines that the
227 required fee has not been paid and the fee is not paid upon reasonable notice and demand.

228 Section 5. **Repealer.**

229 This bill repeals:

230 Section **59-13-404, Refunds of aviation fuel tax -- Filing claims -- Commission**
231 **approval -- Rulemaking -- Appeals -- Penalties.**

232 Section 6. **Effective date.**

233 This bill takes effect on July 1, 2009.

Legislative Review Note
as of 1-6-09 11:08 AM

Office of Legislative Research and General Counsel