

1 AVIATION AMENDMENTS

2 2009 GENERAL SESSION

3 STATE OF UTAH

4 Chief Sponsor: Wayne A. Harper

5 Senate Sponsor: Wayne L. Niederhauser

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7 LONG TITLE

8 General Description:

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

11 Highlighted Provisions:

12 This bill:

13 ▶ reduces the aviation fuel tax rate that a federally certificated air carrier pays on  
14 aviation fuel purchased at an international airport located within a county of the  
15 first class that has a United States customs office on its premises from \$.04 to  
16 \$.025 on each gallon of aviation fuel;

17 ▶ repeals the \$.015 per gallon aviation fuel tax refund or credit for federally  
18 certificated air carriers on gallons of aviation fuel purchased at an international  
19 airport located within a county of the first class that has a United States customs  
20 office on its premises;

21 ▶ creates the Aeronautics Restricted Account within the Transportation Fund;

22 ▶ provides that certain aviation fuel tax revenue and aircraft registration fees shall be  
23 deposited into the Aeronautics Restricted Account;

24 ▶ provides that the Department of Transportation may not use funds in the  
25 Aeronautics Restricted Account to purchase aircraft for certain purposes; and

26 ▶ makes technical changes.

27 Monies Appropriated in this Bill:

28 None

29 Other Special Clauses:

30 This bill takes effect on July 1, 2009.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **59-13-401**, as last amended by Laws of Utah 1999, Chapter 179

34 **59-13-402**, as last amended by Laws of Utah 2001, Chapter 235

35 **72-10-110**, as last amended by Laws of Utah 2008, Chapter 206

36 ENACTS:

37 **72-2-126**, Utah Code Annotated 1953

38 REPEALS:

39 **59-13-404**, as last amended by Laws of Utah 2008, Chapter 382



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

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

43 **59-13-401. Aviation fuel tax -- Rate.**

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

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

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

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

52 (i) located within a county of the first class; and

53 (ii) that has a United States customs office on its premises; or

54 (b) 2.5 cents per gallon on aviation fuel purchased at an international airport:

55 (i) located within a county of the first class; and

56 (ii) that has a United States customs office on its premises.

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

58 **59-13-402. Revenue from taxes deposited with treasurer -- Credit to Aeronautics**  
59 **Restricted Account -- Purposes for which funds may be used -- Allocation of funds --**  
60 **Reports -- Returns required.**

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

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

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

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

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

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

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

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

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

85 (a) Tax on Each Gallon of Aviation

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

114	<del>[beginning July 1, 1999</del>	<del>\$.06</del>	<del>\$.03</del>	<del>\$.03]</del>
115	<del>[beginning July 1, 2000</del>	<del>\$.08</del>	<del>\$.03</del>	<del>\$.05]</del>
116	<del>[beginning July 1, 2001]</del>			
117	<u>an International Airport Located Within a</u>			
118	<u>County of the First Class that has a United</u>			
119	<u>States Customs Office on its Premises</u>	\$ .09	\$ .03	\$ .06

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

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

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

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

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

133 (i) the Aeronautics Restricted Account created by Section 72-2-126; and  
 134 (ii) the separate accounts of individual airports.

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

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

140 (c) The state treasurer shall place aviation fuel tax collected on fuel sold at places other  
 141 than publicly used airports in the ~~[Transportation Fund's Restricted Revenue Account for the~~

142 aeronautical operations of the Department of Transportation] Aeronautics Restricted Account  
143 created by Section 72-2-126.

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

145 **72-2-126. Aeronautics Restricted Account.**

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

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

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

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

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

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

155 and

156 (e) interest earned on account monies.

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

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

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

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

164 (c) operation of the division of aeronautics;

165 (d) the promotion of aeronautics in this state;

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

169 (f) the support of aerial search and rescue operations.

170 (5) (a) Monies in the account may not be used by the department for the purchase of  
171 aircraft for purposes other than those described in Subsections (4)(a) through (f).

172 (b) Monies in the account may not be used to provide or subsidize direct operating  
173 costs of travel for purposes other than those described in Subsections (4)(a) through(f).

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

175 **72-10-110. Aircraft registration information requirements -- Registration fee --**  
176 **Administration -- Partial year registration.**

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

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

179 (i) the manufacturer or builder;

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

183 (iii) gross weight;

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

185 (c) where the aircraft is located, or the address where the aircraft is usually used or  
186 based.

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

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

193 (3) Notwithstanding Subsection (2):

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

195 (i) an aircraft not listed in the Aircraft Bluebook Price Digest; or

196 (ii) an experimental aircraft.

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

198 (i) \$100; or  
199 (ii) the uniform fee provided for under Subsection (2)(a); and  
200 (c) an aircraft that does not have a valid airworthiness certificate for a period of six  
201 months or more:  
202 (i) may not apply for a certificate of registration required under Section 72-10-109;  
203 and  
204 (ii) is exempt from paying a registration fee until the aircraft has a valid airworthiness  
205 certificate.  
206 (4) (a) The Tax Commission shall provide a registration card to an owner of an aircraft  
207 if:  
208 (i) the owner complies with the registration requirements of this section; and  
209 (ii) the owner of the aircraft states that the aircraft has a valid airworthiness certificate.  
210 (b) An owner of an aircraft shall carry the registration card in the registered aircraft.  
211 (5) The registration fees assessed under this chapter shall be collected by the Tax  
212 Commission to be distributed as provided in Subsection (6).  
213 (6) ~~[(a)]~~ After deducting the costs of administering all aircraft registrations under this  
214 chapter, the Tax Commission shall deposit all remaining aircraft registration fees in the  
215 ~~[Transportation Fund's Restricted Revenue Account for aeronautical operations of the~~  
216 ~~Department of Transportation to be used as provided in Subsection 59-13-402(2)]~~ Aeronautics  
217 Restricted Account created by Section 72-2-126.  
218 ~~[(b) All interest earned on monies in the Transportation Fund's Restricted Revenue~~  
219 ~~Account shall be deposited into the Transportation Fund's Restricted Revenue Account for~~  
220 ~~aeronautical operations.]~~  
221 (7) Aircraft which are registered under this chapter for less than a full calendar year  
222 shall be charged a registration fee which is reduced in proportion to the fraction of the  
223 calendar year during which the aircraft is registered in this state.  
224 (8) (a) The Utah Division of Aeronautics shall maintain a statewide database of all  
225 aircraft based within the state.



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

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

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

233 **Section 5. Repealer.**

234 This bill repeals:

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

237 **Section 6. Effective date.**

238 This bill takes effect on July 1, 2009.