

Senate File 109 - Introduced

SENATE FILE 109
BY WHITING

A BILL FOR

1 An Act modifying the sales and use tax exemption for the sale
2 of certain component parts attached to or services performed
3 on aircraft.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsections 74 and 76, Code 2021,
2 are amended to read as follows:

3 74. The sales price from the sale or rental of aircraft for
4 use in a scheduled interstate federal aviation administration
5 certificated air carrier operation.

6 76. The sales price from the sale or rental of tangible
7 personal property permanently affixed or attached as a
8 component part of the aircraft, including but not limited
9 to repair or replacement materials or parts; and the sales
10 price of all services used for aircraft repair, remodeling,
11 and maintenance services when such services are performed on
12 aircraft, aircraft engines, or aircraft component materials or
13 parts. For the purposes of this exemption, "*aircraft*" means
14 ~~aircraft used in nonscheduled interstate federal aviation~~
15 ~~administration certificated air carrier operation operating~~
16 ~~under 14 C.F.R. ch. 1, pt. 135~~ the same as defined in section
17 328.1.

18 Sec. 2. Section 423.3, subsection 75, Code 2021, is amended
19 by striking the subsection.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 Current law exempts from the Iowa sales and use tax the
24 sale, rental, or use of aircraft component parts permanently
25 attached to an aircraft, including repair or replacement
26 materials or parts, and repair, remodeling, and maintenance
27 services used on an aircraft, aircraft engine, or aircraft
28 component materials or parts, provided the aircraft is used
29 in either a scheduled or nonscheduled interstate federal
30 aviation administration (FAA) certified air carrier operation
31 (scheduled or nonscheduled FAA operation). This bill removes
32 the requirement that the aircraft be used in a scheduled or
33 nonscheduled FAA operation to qualify for the exemption. The
34 sale, rental, or use of the component parts and services
35 described above will be exempt from the sales and use tax

1 when permanently attached to or performed on any aircraft.
2 The bill defines "aircraft" to mean the same as it does for
3 purposes of Code chapter 328 (aeronautics), which includes any
4 contrivance now known, or hereafter invented, used or designed
5 for navigation of or flight in the air, for the purpose of
6 transporting persons or property, or both.

7 The bill also makes nonsubstantive changes to Code sections
8 423.3(74) and 423.3(75) to strike or move similar language
9 relating to the sales and use tax exemption described in the
10 bill and to the sales and use tax exemption for the sale or
11 rental of aircraft used in a scheduled FAA operation.