

CHAPTER 1125

AIRCRAFT — SPECIAL CERTIFICATES FOR MANUFACTURERS, TRANSPORTERS, AND DEALERS — SALES AND USE TAX EXEMPTIONS

S.F. 2370

AN ACT relating to aircraft, including special certificates issued to aircraft manufacturers, transporters, and dealers, and sales tax exemptions associated with aircraft, providing fees, making penalties applicable, and including effective date and applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I SPECIAL CERTIFICATES

Section 1. [Section 328.28, subsection 1](#), Code 2022, is amended to read as follows:

1. A manufacturer or dealer owning an aircraft otherwise required to be registered under [this chapter](#) may operate the aircraft for up to three years for purposes of transporting, testing, demonstrating, or selling the aircraft without registering the aircraft, upon condition that a special certificate be obtained by the owner for each year the owner operates the aircraft as provided in [this section](#) and [sections 328.29 through 328.33](#).

Sec. 2. [Section 328.29](#), Code 2022, is amended to read as follows:

328.29 Application for special certificate — fee.

A manufacturer, transporter, or dealer may, upon payment of a ~~one~~ four hundred dollar fee, make application to the department upon such forms as the department may prescribe for a special certificate. The applicant shall also submit such reasonable proof of the applicant's status as a bona fide manufacturer, transporter, or dealer as the department may require. Dealers in new aircraft shall furnish satisfactory evidence of a valid franchise with the manufacturer or distributor of such aircraft authorizing such dealership.

Sec. 3. [Section 328.32](#), Code 2022, is amended to read as follows:

328.32 Expiration of special certificate.

A special certificate expires at midnight on ~~June 30~~ October 31, and a new special certificate for the ensuing year may be obtained by the person to whom the expired special certificate was issued, upon application to the department and payment of the fee provided in [section 328.29](#).

Sec. 4. [Section 328.34](#), Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 7. That the person making application for, or holding, a special certificate operated an aircraft for purposes of transporting, testing, demonstrating, or selling the aircraft, without registering the aircraft, after three years of holding a special certificate for the aircraft in violation of [section 328.28](#).

Sec. 5. [Section 328.36, subsection 1](#), Code 2022, is amended to read as follows:

1. All moneys received by the department pursuant to ~~section sections~~ [sections 328.21 and 328.29](#) shall be deposited into the state aviation fund created in [section 328.56](#).

Sec. 6. EFFECTIVE DATE. This division of this Act takes effect June 30, 2022.

Sec. 7. APPLICABILITY. This division of this Act applies to special certificates issued by the department of transportation that are valid for a period beginning after midnight on June 30, 2022. Special certificates issued by the department of transportation that are valid for a period beginning after midnight on June 30, 2022, but beginning before midnight on October 31, 2022, shall expire at midnight on October 31, 2023, and the validity period for such special certificates shall count as only one year for purposes of [section 328.28, subsection 1](#), as amended in this division of this Act, and [section 328.34, subsection 7](#), as enacted in this division of this Act.

DIVISION II
SALES AND USE TAX EXEMPTIONS

Sec. 8. [Section 423.3, subsection 76](#), Code 2022, is amended to read as follows:

76. The sales price from the sale of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the sales price of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, “*aircraft*” means ~~aircraft used in nonscheduled interstate federal aviation administration certificated air carrier operation operating under [14 C.F.R. ch. 1, pt. 135](#)~~ the same as defined in [section 328.1](#).

Sec. 9. [Section 423.3, subsection 75](#), Code 2022, is amended by striking the subsection.

Approved June 14, 2022