

REPRINTED

APR 16 1998

HOUSE FILE

2560

BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HF 95)

Passed House, ^(p. 1822) Date 4-20-98 Passed Senate, ^(p. 1421) Date 4/21/98
 Vote: Ayes 68 Nays 29 Vote: Ayes 48 Nays 0
 Approved May 6, 1998

A BILL FOR

1 An Act relating to aircraft registration fees.

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

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HF 2560

1 Section 1. Section 328.21, unnumbered paragraph 1, Code
2 1997, is amended to read as follows:

3 There An annual registration fee for each aircraft shall be
4 paid to the department at the time of such registration an
5 annual-registration-fee-for-each-such-aircraft, to be computed
6 as follows:

7 Sec. 2. Section 328.21, subsection 1, Code 1997, is
8 amended to read as follows:

9 1. Unless otherwise provided in this section, for the
10 first registration, a sum equal to one and-one-half percent of
11 the manufacturer's list price of the aircraft, not to exceed
12 five thousand dollars.

13 Sec. 3. Section 328.21, subsection 2, Code 1997, is
14 amended to read as follows:

15 2. The second year's registration fee is seventy-five
16 hundredths of one percent of the rate-fixed-for-the-first
17 registration manufacturer's list price of the aircraft; the
18 third year's fee is fifty hundredths of one percent; and the
19 fourth and subsequent year's fee is twenty-five hundredths of
20 one percent; however, When an aircraft other than a new
21 aircraft is registered in Iowa, the registration fee shall be
22 based upon the number of years the aircraft was previously
23 registered. However, an aircraft shall not be registered for
24 a fee of less than thirty-five dollars or more than five
25 thousand dollars.

26 Sec. 4. Section 328.26, Code 1997, is amended to read as
27 follows:

28 328.26 APPLICATION FOR REGISTRATION.

29 Every application for registration pursuant to sections
30 ~~328.19 to 328.22~~ and 328.20 shall be made upon such forms, and
31 shall contain such information, as the department may
32 prescribe, and every application shall be accompanied by the
33 full amount of the registration fee.

34 When an aircraft is registered to a person for the first
35 time the fee submitted to the department shall include the tax

1 imposed by section 422.43 or section 423.2 or evidence of the
2 exemption of the aircraft from the tax imposed under section
3 422.43 or 423.2.

4 Sec. 5. Section 328.22, Code 1997, is repealed.

5 EXPLANATION

6 This bill provides for changes to aircraft registration
7 fees in Code section 328.21. The bill establishes the general
8 fee based upon a formula which starts with 1.00 percent of the
9 manufacturer's list price for the first year of registration
10 and is reduced in the second and subsequent years. However, a
11 registration fee shall not be less than \$35 or greater than
12 \$5,000.

13 When an aircraft other than a new aircraft is registered in
14 Iowa, the registration fee is based upon the number of years
15 for which the aircraft was previously registered.

16 The bill also amends Code section 328.26, relating to
17 applications for registration, to conform to the changes made
18 in Code section 328.21.

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**HOUSE FILE 2560
FISCAL NOTE**

A fiscal note for House File 2560 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2560 changes the aircraft registration fee from 1.5% of the manufacturer's list price to 1.0% of the manufacturer's list price not to exceed \$5,000.

ASSUMPTIONS

1. There are 2,700 aircraft registered in Iowa generating \$1.4 million in revenue annually to the General Fund.
2. There are 41 aircraft with annual registration fees exceeding \$5,000. The fees from these aircraft generate an estimated \$618,000 annually under current law. Capping the fees at \$5,000 will reduce revenues by \$413,000.
3. There are 1,675 aircraft that are currently registered between \$36 and \$4,999. The registration fees for these aircraft will change from 1.5% of the manufacturer's list price to 1.0%. These aircraft bring in an estimated \$747,600 in registration fees. Under the proposed fee structure, registration revenues will be reduced by \$454,000.
4. There are 984 aircraft that are currently registered at the minimum \$35 fee which generates \$34,400 annually. This amendment will not affect the registration fees of these aircraft.

FISCAL IMPACT

House File 2560 will result in a decrease to the General Fund of approximately \$867,000 annually beginning in FY 1999.

SOURCE

Department of Transportation

(LSB 1695hv, DLR)

FILED APRIL 16, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 2560
FISCAL NOTE**

A fiscal note for House File 2560 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2560 changes the aircraft registration fee from 1.5% of the manufacturer's list price to 1.0% of the manufacturer's list price not to exceed \$5,000.

ASSUMPTIONS

1. There are 2,700 aircraft registered in Iowa generating \$1.4 million in revenue annually to the General Fund.
2. There are 42 aircraft with annual registration fees exceeding \$5,000. The fees from these aircraft generate an estimated \$748,000 annually under current law. Capping the fees at \$5,000 will reduce revenues by \$530,000.
3. There are 1,675 aircraft that are currently registered between \$36 and \$4,999. The registration fees for these aircraft will change from 1.5% of the manufacturer's list price to 1.0%. These aircraft bring in an estimated \$618,000 in registration fees. Under the proposed fee structure, registration revenues will be reduced by \$206,000.
4. There are 984 aircraft that are currently registered at the minimum \$35 fee which generates \$34,000 annually. This amendment will not affect the registration fees of these aircraft.

FISCAL IMPACT

House File 2560 will result in a decrease to the General Fund of approximately \$736,000 annually beginning in FY 1999.

SOURCE

Department of Transportation

(LSB 1695hv.2, DLR)

FILED APRIL 17, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2560

H-9287

1 Amend House File 2560 as follows:

2 1. Page 2, by inserting after line 3 the
3 following:

4 "Sec. ____ . Section 422.45, Code Supplement 1997,
5 is amended by adding the following new subsection:
6 NEW SUBSECTION. 38B. The gross receipts from the
7 sale or rental of tangible personal property
8 permanently affixed or attached as a component part of
9 the aircraft, including but not limited to repair or
10 replacement materials or parts; and the gross receipts
11 of all services used for aircraft repair, remodeling,
12 and maintenance services when such services are
13 performed on aircraft, aircraft engines, or aircraft
14 component materials or parts. For the purposes of
15 this exemption, "aircraft" means aircraft used in
16 nonscheduled interstate federal aviation
17 administration-certified air carrier operation
18 operating under 14 C.F.R. ch. 1, pt. 135.

19 Sec. ____ . Section 422.45, Code Supplement 1997, is
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 38C. The gross receipts from the
22 sale of aircraft to an aircraft dealer who in turn
23 rents or leases the aircraft if all of the following
24 apply:

25 a. The aircraft is kept in the inventory of the
26 dealer for sale at all times.

27 b. The dealer reserves the right to immediately
28 take the aircraft from the renter or lessee when a
29 buyer is found.

30 c. The renter or lessee is aware that the dealer
31 will immediately take the aircraft when a buyer is
32 found.

33 If an aircraft exempt under this subsection is used
34 for any purpose other than leasing or renting, or the
35 conditions in paragraphs "a", "b", and "c" are not
36 continuously met, the dealer claiming the exemption
37 under this subsection is liable for the tax that would
38 have been due except for this subsection. The tax
39 shall be computed upon the original purchase price."

40 2. Title page, line 1, by inserting after the
41 word "fees" the following: "and sales tax
42 exemptions".

By VAN FOSSEN of Scott
BELL of Jasper

H-9287 FILED APRIL 17, 1998

adopted
4.20-98
(p. 1781)

S-4/21/98 ways & means
S. 4/21/98 Do Pass

HOUSE FILE 2560
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 95)

(As Amended and Passed by the House, April 20, 1998)

Passed House, Date _____ Passed Senate, ^(P.1421) Date 4/21/98
Vote: Ayes _____ Nays _____ Vote: Ayes 48 Nays 0
Approved May 6, 1998

A BILL FOR

1 An Act relating to aircraft registration fees and sales tax
2 exemptions.

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

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New Language _____

1 Section 1. Section 328.21, unnumbered paragraph 1, Code
2 1997, is amended to read as follows:

3 ~~There~~ An annual registration fee for each aircraft shall be
4 paid to the department at the time of such registration an
5 annual-registration-fee-for-each-such-aircraft, to be computed
6 as follows:

7 Sec. 2. Section 328.21, subsection 1, Code 1997, is
8 amended to read as follows:

9 1. Unless otherwise provided in this section, for the
10 first registration, a sum equal to one ~~and-one-half~~ percent of
11 the manufacturer's list price of the aircraft, not to exceed
12 five thousand dollars.

13 Sec. 3. Section 328.21, subsection 2, Code 1997, is
14 amended to read as follows:

15 2. The second year's registration fee is seventy-five
16 hundredths of one percent of the rate-fixed-for-the-first
17 registration manufacturer's list price of the aircraft; the
18 third year's fee is fifty hundredths of one percent; and the
19 fourth and subsequent year's fee is twenty-five hundredths of
20 one percent; however, When an aircraft other than a new
21 aircraft is registered in Iowa, the registration fee shall be
22 based upon the number of years the aircraft was previously
23 registered. However, an aircraft shall not be registered for
24 a fee of less than thirty-five dollars or more than five
25 thousand dollars.

26 Sec. 4. Section 328.26, Code 1997, is amended to read as
27 follows:

28 328.26 APPLICATION FOR REGISTRATION.

29 Every application for registration pursuant to sections
30 ~~328.19 to-328-22~~ and 328.20 shall be made upon such forms, and
31 shall contain such information, as the department may
32 prescribe, and every application shall be accompanied by the
33 full amount of the registration fee.

34 When an aircraft is registered to a person for the first
35 time the fee submitted to the department shall include the tax

1 imposed by section 422.43 or section 423.2 or evidence of the
2 exemption of the aircraft from the tax imposed under section
3 422.43 or 423.2.

4 Sec. 5. Section 422.45, Code Supplement 1997, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 38B. The gross receipts from the sale or
7 rental of tangible personal property permanently affixed or
8 attached as a component part of the aircraft, including but
9 not limited to repair or replacement materials or parts; and
10 the gross receipts of all services used for aircraft repair,
11 remodeling, and maintenance services when such services are
12 performed on aircraft, aircraft engines, or aircraft component
13 materials or parts. For the purposes of this exemption,
14 "aircraft" means aircraft used in nonscheduled interstate
15 federal aviation administration-certified air carrier
16 operation operating under 14 C.F.R. ch. 1, pt. 135.

17 Sec. 6. Section 422.45, Code Supplement 1997, is amended
18 by adding the following new subsection:

19 NEW SUBSECTION. 38C. The gross receipts from the sale of
20 aircraft to an aircraft dealer who in turn rents or leases the
21 aircraft if all of the following apply:

22 a. The aircraft is kept in the inventory of the dealer for
23 sale at all times.

24 b. The dealer reserves the right to immediately take the
25 aircraft from the renter or lessee when a buyer is found.

26 c. The renter or lessee is aware that the dealer will
27 immediately take the aircraft when a buyer is found.

28 If an aircraft exempt under this subsection is used for any
29 purpose other than leasing or renting, or the conditions in
30 paragraphs "a", "b", and "c" are not continuously met, the
31 dealer claiming the exemption under this subsection is liable
32 for the tax that would have been due except for this
33 subsection. The tax shall be computed upon the original
34 purchase price.

35 Sec. 7. Section 328.22, Code 1997, is repealed.

HOUSE FILE 2560

AN ACT
RELATING TO AIRCRAFT REGISTRATION FEES AND SALES TAX
EXEMPTIONS.

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

Section 1. Section 328.21, unnumbered paragraph 1, Code 1997, is amended to read as follows:

There An annual registration fee for each aircraft shall be paid to the department at the time of such registration an annual-registration-fee-for-each-such-aircraft, to be computed as follows:

Sec. 2. Section 328.21, subsection 1, Code 1997, is amended to read as follows:

1. Unless otherwise provided in this section, for the first registration, a sum equal to one and one-half percent of the manufacturer's list price of the aircraft, not to exceed five thousand dollars.

Sec. 3. Section 328.21, subsection 2, Code 1997, is amended to read as follows:

2. The second year's registration fee is seventy-five hundredths of one percent of the rate-fixed-for-the-first registration manufacturer's list price of the aircraft; the third year's fee is fifty hundredths of one percent; and the fourth and subsequent year's fee is twenty-five hundredths of one percent; however, When an aircraft other than a new aircraft is registered in Iowa, the registration fee shall be based upon the number of years the aircraft was previously registered. However, an aircraft shall not be registered for a fee of less than thirty-five dollars or more than five thousand dollars.

Sec. 4. Section 328.26, Code 1997, is amended to read as follows:

328.26 APPLICATION FOR REGISTRATION.

Every application for registration pursuant to sections 328.19 to-328-22 and 328.20 shall be made upon such forms, and shall contain such information, as the department may prescribe, and every application shall be accompanied by the full amount of the registration fee.

When an aircraft is registered to a person for the first time the fee submitted to the department shall include the tax imposed by section 422.43 or section 423.2 or evidence of the exemption of the aircraft from the tax imposed under section 422.43 or 423.2.

Sec. 5. Section 422.45, Code Supplement 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 38B. The gross receipts from the sale or rental 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 gross receipts 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-certified air carrier operation operating under 14 C.F.R. ch. 1, pt. 135.

Sec. 6. Section 422.45, Code Supplement 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 38C. The gross receipts from the sale of aircraft to an aircraft dealer who in turn rents or leases the aircraft if all of the following apply:

- a. The aircraft is kept in the inventory of the dealer for sale at all times.
- b. The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.
- c. The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

If an aircraft exempt under this subsection is used for any purpose other than leasing or renting, or the conditions in paragraphs "a", "b", and "c" are not continuously met, the dealer claiming the exemption under this subsection is liable for the tax that would have been due except for this subsection. The tax shall be computed upon the original purchase price.

Sec. 7. Section 328.22, Code 1997, is repealed.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2560, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 6, 1998

TERRY E. BRANSTAD
Governor