



State of Tennessee

PUBLIC CHAPTER NO. 506

HOUSE BILL NO. 467

By Representatives McCormick, Cameron Sexton, Terry, Ragan, Williams, Kevin Brooks

Substituted for: Senate Bill No. 752

By Senators Watson, Kelsey

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, Part 3, relative to exemptions from taxation for sales and repair services related to large aircraft.

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

SECTION 1. Tennessee Code Annotated, Section 67-6-302, is amended by adding the following as a new subsection:

(c)

(1) There is exempt from sales or use tax, the sale, use, storage, or consumption of parts, components, software, systems, accessories, materials, equipment, and supplies that are sold to or sold by an authorized large aircraft service facility or affiliate, including, but not limited to:

(A) The sale by an authorized large aircraft service facility or affiliate of, and the corresponding use and consumption of, guaranty, warranty, or service contracts for or in connection with the performance of repair and refurbishment services of large aircraft mainframes, large aircraft engine equipment, and large aircraft accessories; and

(B) The replacement, installation, sale, use, storage, or consumption of parts, components, software, systems, accessories, materials, equipment, and supplies pursuant to the terms of any such guaranty, warranty, or service contracts.

(2) The exemption provided in this subsection (c) shall not apply to fuel and other petroleum products or to shop equipment and tools.

(3) As used in this subsection (c):

(A) "Affiliate" means a company owned and controlled by or under the common ownership and control of and conducting business at such authorized large aircraft service facility;

(B) "Authorized large aircraft service facility" means a repair station located within this state that is engaged in repair and refurbishment services of large aircraft mainframes, large aircraft engine equipment, and large aircraft accessories under a valid air agency certificate issued by the federal aviation administration in accordance with 14 CFR Part 145 of the federal aviation regulations, with an authorized class rating of Air Frame Class IV, and organization designation authority, or such other similar or successor certificate, rating, and authority as the federal aviation administration may provide for from time to time;

(C) "Large aircraft" means any aircraft that has a certified maximum take-off weight of twelve thousand five hundred pounds (12,500 lbs.) or greater;

(D) "Large aircraft accessories" means any accessories, appurtenances, equipment, software, systems, or components for

installation in or use in connection with any large aircraft mainframes or large aircraft engines;

(E) "Large aircraft engine equipment" means any aircraft engine, including all associated parts, appurtenances, and accessories, for the propulsion of a large aircraft mainframe;

(F) "Large aircraft mainframes" means any aircraft body, wing, tail assembly, aileron, rudder, landing gear, engine housing, and any other assembly or component integral to the aerodynamic structure of large aircraft; and

(G) "Repair and refurbishment services" includes, but is not limited to, testing, inspections, interior completions, refurbishments, installations, painting, modifications, repairs, maintenance, or overhaul of large aircraft mainframes, large aircraft engine equipment, and large aircraft accessories.

SECTION 2. Tennessee Code Annotated, Section 67-6-313, is amended by adding the following as a new subsection:

(k)

(1) There is exempt from the sales and use tax all repair and refurbishment service labor performed with respect to large aircraft mainframes, large aircraft engine equipment, and large aircraft accessories, when the repair and refurbishment services on the mainframes, equipment, and accessories are initiated, contracted, performed, or completed in or by an authorized large aircraft service facility, including, but not limited to, repair and refurbishment service labor performed by an authorized large aircraft service facility pursuant to the terms of guaranty, warranty, or service contracts.

(2) In addition to the exemptions provided in subdivisions (h)(1) and (k)(1), there is exempt from the sales and use tax all sales, leases, and purchases of large aircraft and related equipment, and their use, storage, or consumption within this state following the sale, lease, or purchase, when the large aircraft and related equipment have or are intended to have a situs outside of this state following the sale, lease, or purchase, and when the large aircraft and related equipment are in and remain within this state following the sale, lease, or purchase solely for purposes of repair and refurbishment services by an authorized large aircraft service facility, and are in fact removed from this state within fifteen (15) days from the completion of the repair and refurbishment services.

(3) As used in this subsection (k):

(A) "Authorized large aircraft service facility," "large aircraft," "large aircraft accessories," "large aircraft engine equipment," "large aircraft mainframes," and "repair and refurbishment services" have the same meanings as defined in § 67-6-302;

(B) "Large aircraft and related equipment" means a large aircraft consisting of a large aircraft mainframe and large aircraft engine equipment, including any large aircraft accessories associated with the large aircraft or aircraft engine, whether installed or uninstalled; and

(C) "Repair and refurbishment service labor" means all labor performed in connection with repair and refurbishment services.

SECTION 3. This act shall take effect at 12:01 a.m. on July 1, 2015, the public welfare requiring it.

HOUSE BILL NO. 467

PASSED: April 22, 2015



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 20th day of May 2015



BILL HASLAM, GOVERNOR