
HOUSE BILL 1707

State of Washington

63rd Legislature

2013 Regular Session

By Representatives Springer, Warnick, Parker, Lias, Manweller, and Lytton

Read first time 02/06/13. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to the taxation of large airplanes; amending RCW
2 47.68.250, 82.48.100, and 82.48.100; adding a new section to chapter
3 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new
4 section; providing effective dates; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature intends to promote the
7 economic development of our state's aerospace cluster and increase the
8 tax revenues collected by the state through promoting a competitive
9 marketplace for storing and modifying unfurnished, noncommercial
10 aircraft. The legislature finds that Washington is currently losing
11 these types of jobs to other states, resulting in the loss of high-wage
12 jobs and new tax revenue. Further, the legislature finds that the
13 current tax statutes are an impediment to encouraging the development
14 of aerospace clusters in our state. Therefore, the legislature intends
15 to modify our state's tax policy to encourage aerospace cluster
16 development within the state and increase tax revenues.

17 **Sec. 2.** RCW 47.68.250 and 2003 c 375 s 4 are each amended to read
18 as follows:

1 (1) Every aircraft (~~shall~~) must be registered with the department
2 for each calendar year in which the aircraft is operated or is based
3 within this state. A fee of fifteen dollars (~~shall be~~) is charged
4 for each such registration and each annual renewal thereof.

5 (2) Possession of the appropriate effective federal certificate,
6 permit, rating, or license relating to ownership and airworthiness of
7 the aircraft, and payment of the excise tax imposed by Title 82 RCW for
8 the privilege of using the aircraft within this state during the year
9 for which the registration is sought, and payment of the registration
10 fee required by this section (~~shall be~~) are the only requisites for
11 registration of an aircraft under this section.

12 (3) The registration fee imposed by this section (~~shall be~~) is
13 payable to and collected by the secretary. The fee for any calendar
14 year must be paid during the month of January, and (~~shall~~) must be
15 collected by the secretary at the time of the collection by him or her
16 of the (~~said~~) excise tax. If the secretary is satisfied that the
17 requirements for registration of the aircraft have been met, he or she
18 (~~shall thereupon~~) must issue to the owner of the aircraft a
19 certificate of registration therefor. The secretary (~~shall~~) must pay
20 to the state treasurer the registration fees collected under this
21 section, which registration fees (~~shall~~) must be credited to the
22 aeronautics account in the transportation fund.

23 (4) It (~~shall~~) is not (~~be~~) necessary for the registrant to
24 provide the secretary with originals or copies of federal certificates,
25 permits, ratings, or licenses. The secretary (~~shall~~) must issue
26 certificates of registration, or such other evidences of registration
27 or payment of fees as he or she may deem proper; and in connection
28 therewith may prescribe requirements for the possession and exhibition
29 of such certificates or other evidences.

30 (5) The provisions of this section (~~shall~~) do not apply to:

31 (~~(1)~~) (a) An aircraft owned by and used exclusively in the
32 service of any government or any political subdivision thereof,
33 including the government of the United States, any state, territory, or
34 possession of the United States, or the District of Columbia, which is
35 not engaged in carrying persons or property for commercial purposes;

36 (~~(2)~~) (b) An aircraft registered under the laws of a foreign
37 country;

1 ~~((+3))~~ (c) An aircraft ~~((which))~~ that is owned by a nonresident
2 and registered in another state(~~(:—PROVIDED, That if said aircraft~~
3 ~~shall remain in and/or be based in this state for a period of ninety~~
4 ~~days or longer it shall not be exempt under this section))~~ if:

5 (i) The aircraft remains in this state or is based in this state,
6 or both, for a period less than ninety days; or

7 (ii) The aircraft is a large private airplane as defined in section
8 3 of this act and remains in this state for a period of ninety days or
9 longer, but only when:

10 (A) The airplane is in this state exclusively for the purpose of
11 repairs, alterations, or reconstruction, including any flight testing
12 related to the repairs, alterations, or reconstruction, or for the
13 purpose of continual storage of not less than one full calendar year;

14 (B) An employee of the facility providing these services is on
15 board the airplane during any flight testing; and

16 (C) Within ninety days of the date the airplane first arrived in
17 this state during the calendar year, the nonresident files a written
18 statement with the department indicating that the airplane is exempt
19 from registration under this subsection (5)(c)(ii). The written
20 statement must be filed in a form and manner prescribed by the
21 department and must include such information as the department
22 requires. The department may require additional periodic verification
23 that the airplane remains exempt from registration under this
24 subsection (5)(c)(ii) and that written statements conform with the
25 provisions of RCW 9A.72.085;

26 ~~((+4))~~ (d) An aircraft engaged principally in commercial flying
27 constituting an act of interstate or foreign commerce;

28 ~~((+5))~~ (e) An aircraft owned by the commercial manufacturer
29 thereof while being operated for test or experimental purposes, or for
30 the purpose of training crews for purchasers of the aircraft;

31 ~~((+6))~~ (f) An aircraft being held for sale, exchange, delivery,
32 test, or demonstration purposes solely as stock in trade of an aircraft
33 dealer licensed under Title 14 RCW; and

34 ~~((+7))~~ (g) An aircraft based within the state that is in an
35 unairworthy condition, is not operated within the registration period,
36 and has obtained a written exemption issued by the secretary.

37 (6) The secretary ~~((shall))~~ must be notified within thirty days of
38 any change in ownership of a registered aircraft. The notification

1 (~~shall~~) must contain the N, NC, NR, NL, or NX number of the aircraft,
2 the full name and address of the former owner, and the full name and
3 address of the new owner. For failure to so notify the secretary, the
4 registration of that aircraft may be canceled by the secretary, subject
5 to reinstatement upon application and payment of a reinstatement fee of
6 ten dollars by the new owner.

7 (7) A municipality or port district that owns, operates, or leases
8 an airport, as defined in RCW 47.68.020, with the intent to operate,
9 (~~shall~~) must require from an aircraft owner proof of aircraft
10 registration as a condition of leasing or selling tiedown or hanger
11 space for an aircraft. It is the responsibility of the lessee or
12 purchaser to register the aircraft. The airport (~~shall~~) must work
13 with the aviation division to assist in its efforts to register
14 aircraft by providing information about based aircraft on an annual
15 basis as requested by the division.

16 NEW SECTION. Sec. 3. A new section is added to chapter 82.08 RCW
17 to read as follows:

18 (1)(a) The tax levied by RCW 82.08.020 does not apply to:

19 (i) Sales of large private airplanes to nonresidents of this state;
20 and

21 (ii) Sales of or charges made for labor and services rendered in
22 respect to repairing, cleaning, altering, or improving large private
23 airplanes owned by nonresidents of this state.

24 (b) The exemption provided by this section applies only when the
25 large private airplane is not required to be registered with the
26 department of transportation, or its successor, under chapter 47.68
27 RCW. The airplane owner or lessee claiming an exemption under this
28 section must provide the department, upon request, a copy of the
29 written statement required under RCW 47.68.250(5)(c)(ii) documenting
30 the airplane's registration exemption and any additional information
31 the department may require.

32 (2) Sellers making tax-exempt sales under this section must obtain
33 an exemption certificate from the buyer in a form and manner prescribed
34 by the department. The seller must retain a copy of the exemption
35 certificate for the seller's files. In lieu of an exemption
36 certificate, a seller may capture the relevant data elements as allowed
37 under the streamlined sales and use tax agreement.

1 (3) Upon request, the department of transportation must provide to
2 the department of revenue information needed by the department of
3 revenue to verify eligibility under this section.

4 (4) For purposes of this section "large private airplane" means an
5 airplane not used in interstate commerce, not owned or leased by a
6 government entity, weighing more than forty-one thousand pounds, and
7 assigned a category A, B, C, or D test flow management system aircraft
8 weight class by the federal aviation administration's office of
9 aviation policy and plans.

10 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12 RCW
11 to read as follows:

12 (1)(a) The tax levied by RCW 82.12.020 does not apply to the use
13 of:

14 (i) Large private airplanes owned by nonresidents of this state;
15 and

16 (ii) Labor and services rendered in respect to repairing, cleaning,
17 altering, or improving large private airplanes owned by nonresidents of
18 this state.

19 (b) The exemption provided by this section applies only when the
20 large private airplane is not required to be registered with the
21 department of transportation, or its successor, under chapter 47.68
22 RCW. The airplane owner or lessee claiming an exemption under this
23 section must provide the department, upon request, a copy of the
24 written statement required under RCW 47.68.250(5)(c)(ii) documenting
25 the airplane's registration exemption and any additional information
26 the department may require.

27 (2) Upon request, the department of transportation must provide to
28 the department of revenue information needed by the department of
29 revenue to verify eligibility under this section.

30 (3) For purposes of this section, "large private airplane" has the
31 same meaning as in section 3 of this act.

32 **Sec. 5.** RCW 82.48.100 and 2010 1st sp.s. c 12 s 2 are each amended
33 to read as follows:

34 This chapter does not apply to:

35 (1) Aircraft owned by and used exclusively in the service of any
36 government or any political subdivision thereof, including the

1 government of the United States, any state, territory, or possession of
2 the United States, or the District of Columbia, which are not engaged
3 in carrying persons or property for commercial purposes;

4 (2) Aircraft registered under the laws of a foreign country;

5 (3) Aircraft ~~((which))~~ that are owned by a nonresident and
6 registered in another state~~((. However, if any such aircraft remains~~
7 ~~in and/or is based in this state for a period of ninety days or longer~~
8 ~~it is not exempt under this section))~~, if the aircraft remains in this
9 state or is based in this state, or both, for a period less than ninety
10 days;

11 (4)(a) Aircraft engaged principally in commercial flying ~~((which))~~
12 that constitutes interstate or foreign commerce, except as provided in
13 (b) of this subsection.

14 (b) The exemption provided by (a) of this subsection does not apply
15 to aircraft engaged principally in commercial flying that constitutes
16 interstate or foreign commerce when such aircraft will be in this state
17 exclusively for the purpose of continual storage of not less than one
18 full calendar year; ((and))

19 (5) Aircraft owned by the manufacturer thereof while being operated
20 for test or experimental purposes, or for the purpose of training crews
21 for purchasers of the aircraft;

22 ~~((+5))~~ (6) Aircraft being held for sale, exchange, delivery, test,
23 or demonstration purposes solely as stock in trade of an aircraft
24 dealer licensed under Title 14 RCW;

25 ~~((+6))~~ (7) Aircraft owned by a nonresident of this state if the
26 aircraft is kept at an airport in this state and that airport is
27 jointly owned or operated by a municipal corporation or other
28 governmental entity of this state and a municipal corporation or other
29 governmental entity of another state, and the owner or operator of the
30 aircraft provides the department with proof that the owner or operator
31 has paid all taxes, license fees, and registration fees required by the
32 state in which the owner or operator resides; and

33 ~~((+7))~~ (8) Aircraft that are: (a) Owned by a nonprofit
34 organization that is exempt from federal income taxation under 26
35 U.S.C. Sec. 501(c)(3) of the federal internal revenue code; and (b)
36 exclusively used to provide emergency medical transportation services.

1 **Sec. 6.** RCW 82.48.100 and 1999 c 302 s 3 are each amended to read
2 as follows:

3 This chapter (~~shall~~) does not apply to:

4 (1) Aircraft owned by and used exclusively in the service of any
5 government or any political subdivision thereof, including the
6 government of the United States, any state, territory, or possession of
7 the United States, or the District of Columbia, which are not engaged
8 in carrying persons or property for commercial purposes;

9 (2) Aircraft registered under the laws of a foreign country;

10 (3) Aircraft (~~which~~) that are owned by a nonresident and
11 registered in another state(~~— PROVIDED, That if any such aircraft~~
12 ~~shall remain in and/or be based in this state for a period of ninety~~
13 ~~days or longer it shall not be exempt under this section)~~, if the
14 aircraft remains in this state or is based in this state, or both, for
15 a period less than ninety days;

16 (4)(a) Aircraft engaged principally in commercial flying (~~which~~)
17 that constitutes interstate or foreign commerce, except as provided in
18 (b) of this subsection.

19 (b) The exemption provided by (a) of this subsection does not apply
20 to aircraft engaged principally in commercial flying that constitutes
21 interstate or foreign commerce when such aircraft will be in this state
22 exclusively for the purpose of continual storage of not less than one
23 full calendar year; (~~and~~)

24 (5) Aircraft owned by the manufacturer thereof while being operated
25 for test or experimental purposes, or for the purpose of training crews
26 for purchasers of the aircraft;

27 (6) Aircraft being held for sale, exchange, delivery, test, or
28 demonstration purposes solely as stock in trade of an aircraft dealer
29 licensed under Title 14 RCW; and

30 (7) Aircraft owned by a nonresident of this state if the aircraft
31 is kept at an airport in this state and that airport is jointly owned
32 or operated by a municipal corporation or other governmental entity of
33 this state and a municipal corporation or other governmental entity of
34 another state, and the owner or operator of the aircraft provides the
35 department with proof that the owner or operator has paid all taxes,
36 license fees, and registration fees required by the state in which the
37 owner or operator resides.

1 NEW SECTION. **Sec. 7.** Except for section 6 of this act, this act
2 takes effect January 1, 2014.

3 NEW SECTION. **Sec. 8.** Section 5 of this act expires January 1,
4 2020.

5 NEW SECTION. **Sec. 9.** Section 6 of this act takes effect January
6 1, 2020.

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