

Historical Tax Law Changes Aircraft License Tax

Laws 1964, Chapter 53, Section 1 established the first Arizona Aircraft License Tax. The tax was levied on all aircraft customarily kept and registered in the state. This did not include regularly scheduled aircraft that was operated by an airline company for hire or other types of aircraft specifically excluded. The tax was levied at a rate of 1.5% of the manufacturer's list price for the first year and thereafter at a rate of 1% of the fair market value of the aircraft. The minimum tax was \$20. The County Assessor's Office was responsible for collecting the tax. Tax collections were distributed 25% to the state General Fund, 25% to the county General Funds, 25% to the common and high school districts and 25% to the incorporated cities and towns. (The provisions of this law were not effective until passage of a constitutional amendment at the election of November 3, 1964.)

NOTE: A Constitutional Amendment passed by the voters on November 3, 1964 established an Aircraft License Tax in lieu of the ad valorem property tax on certain types of aircraft. (Effective January 1, 1965)

Laws 1969, Chapter 11 provided that the Aircraft License Tax was paid annually on or before the last day of February. The minimum tax was changed from \$20 to \$10. The distribution of the tax was also changed. Under this law, 25% of collections went to the state General Fund and 75% went to the state Aviation Fund. The responsibility for collecting the Aircraft License Tax was transferred to the Department of Aeronautics. (Effective March 6, 1969)

Laws 1972, Chapter 117 changed the Aircraft License Tax rate to 1% of the fair market value of the aircraft, regardless of the age of the aircraft. The law also established an exemption for aircrafts that are in storage from the beginning of the year or are placed in storage upon entry into the state. (Effective May 8, 1972)

Laws 1973, Chapter 19 changed the distribution to allocate 100% of collections to the state Aviation Fund. (Effective August 8, 1973)

Laws 1973, Chapter 146 replaced A.R.S. § 2-411 and 2-412 with A.R.S. § 28-1765 and 28-1766. This change replaced the state Department of Aeronautics with the Department of Transportation, Division of Aeronautics. The allocation of collections enacted in Chapter 19 was not incorporated into this amendment and consequently was repealed with the repeal of A.R.S. § 2-412. (Effective July 1, 1974)

Laws 1974, Chapter 136 amended A.R.S. § 28-1766 to again allocate 100% of Aircraft License Tax collections to the state Aviation Fund. (Effective August 9, 1974)

Laws 1976, Chapter 126 extended the tax exemption granted to aircraft in storage to cover aircraft under repair. (Effective September 23, 1976)

Laws 1979, Chapter 173 increased the Minimum Aircraft License Tax payment from \$10 per year to \$20 per year. (Effective July 21, 1979)

Laws 1986, Chapter 254 reduced for a non-resident the Aircraft License Tax rate from 1% to one-tenth of 1% of the average market value of the aircraft provided the aircraft is based in the state for more than 90 days, but less than 210 days in any one calendar year and the aircraft is not engaged in any intrastate commercial activity. (Effective August 13, 1986)

Laws 1986, Chapter 370 reduced the Aircraft License Tax from 1% to 0.5% of the average fair market value. Also, provided for a reduction in the Motor Vehicle Fuel Tax refund from 15¢ per gallon to 11¢ per gallon when basis of claim was due to the fuel being used in an aircraft. (Effective August 13, 1986)

Laws 1990, Chapter 232 eliminated the exemption from registration, the registration fee, and the Aircraft License Tax for aircrafts which are in storage or repair. The license tax is \$20 for each aircraft, but not to exceed the aggregate annual total

of \$200 for all aircrafts by the same owner. Owners of aircrafts placed in storage before November 1990 must file affidavits for the Vehicle License Tax before January 1, 1991. (Retroactive to January 1, 1990)

Laws 1991, Chapter 17 provided definitions for these types of aircrafts: antique, balloon, classic, experimental, glider, home built, maintenance, manufacturer's, salvage, and warbird. This bill established a \$20 annual license tax for all such aircrafts, except the license tax for a salvage aircraft shall be \$5. Other pertinent changes: (Effective September 21, 1991)

- (1) Required that registration be accomplished within 60 days after aircraft is brought into Arizona. Eliminated the "60 days after purchase or lease" provision for registration.
- (2) Set a penalty fee for delinquent registration at \$25 for the first month and \$5 for each subsequent month of delinquency.
- (3) Increased the fee from \$1 to \$4 for a duplicate license decal.
- (4) Changed the days from 30 to 60 for a person who has been assigned an aircraft registration certificate to register such aircraft in that person's name. The same delinquent registration penalty also applies to these assignments.
- (5) Eliminated the maximum aggregate total tax of \$200 in one year for aircraft(s) in storage. Also, required the owner of such aircraft to notify the Division of Aeronautics within 10 days of the date the aircraft is returned to use.

Laws 1995, Chapter 25 modified the procedures by which the Assistant Director of the Department of Transportation assesses registration fees, license taxes and penalties for general aviation aircraft. Reduced from 90 to 60 days the period of time for declaring an aircraft "abandoned" and the time a seized aircraft must be held before sale. Clarified procedures and rules for registering governmental aircraft. Licensed aircraft dealers who purchase planes with intent to sell must register, within 10 days after purchase, the plane as "aircraft held for purpose of sale". (Effective July 13, 1995)

Laws 2004, Chapter 302 changed the statutory definitions of "antique" and "classic" aircraft for purposes of qualifying for the special annual license tax of \$20. Under the revised definition, an antique aircraft is one that is at least 50 years old, and a classic aircraft is one that is at least 40 years old but not more than 49 years old. (Effective August 25, 2004)