

No. 1978-62

AN ACT

HB 1507

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," providing for a certain election of tax relating to aircraft.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 201, act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," is amended by adding a subsection to read:

Section 201. Definitions.—The following words, terms and phrases when used in this Article II shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

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(s) "Commercial aircraft operator." A person, excluding scheduled airlines, who engages in any or all of the following: charter of aircraft, leasing of aircraft, aircraft sales, aircraft rental, flight instruction, air freight or any other flight activities for compensation.

Section 2. Section 205 of the act is amended to read:

Section 205. Alternate Imposition of Tax; Credits.—*(a)* If any person actively and principally engaged in the business of selling new or used motor vehicles, trailers or semi-trailers, and registered with the department in the "dealer's class," acquires a motor vehicle, trailer or semi-trailer for the purpose of resale, and prior to such resale, uses the motor vehicle, trailer or semi-trailer for a taxable use under this act during a period not exceeding one year from the date of acquisition to the date of resale, such person may, upon notice to the department within ten days of the commencement of such use, elect to pay a tax equal to six per cent of the fair rental value of the motor vehicle, trailer or semi-trailer during such use. Should such motor vehicle, trailer or semi-trailer be used for a taxable use after a period of one year, the taxpayer shall be liable for a tax on the fair market value of such motor vehicle, trailer or semi-trailer at the time of acquisition, but shall be allowed a credit equal to the tax paid pursuant to the election provided for in this section. This section shall not apply to the use of a vehicle as a wrecker, parts truck, delivery truck or courtesy car.

(b) A commercial aircraft operator who acquires an aircraft for the purpose of resale, or lease, or is entitled to claim another valid exemption at

the time of purchase, and subsequent to such purchase, periodically uses the same aircraft for a taxable use under this act, may elect to pay a tax equal to six per cent of the fair rental value of the aircraft during such use.

Section 3. This act shall take effect in 60 days.

APPROVED—The 9th day of June, A. D. 1978.

MILTON J. SHAPP