

State of Arizona
House of Representatives
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Second Regular Session
1996

FILED

Jane Dee Hull
Secretary of State

CHAPTER 275

HOUSE BILL 2501

AN ACT

AMENDING SECTIONS 42-701 AND 42-704, ARIZONA REVISED STATUTES; RELATING TO FLIGHT PROPERTY TAXATION.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-701, Arizona Revised Statutes, is amended to
3 read:

4 42-701. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Air commerce" means the scheduled transportation by aircraft of
7 persons or property for hire in interstate, intrastate or international
8 transportation.

9 2. "Aircraft" means any contrivance used or designed for navigation
10 or flight through the air.

11 3. "Aircraft time" means the number of minutes in the preceding
12 calendar year in which flight property was in the possession of an airline
13 company.

14 4. "Airline company" means any person who undertakes, directly or
15 indirectly, to engage in the business of scheduled air commerce.

16 5. "FLEET TYPE" MEANS AIRCRAFT TYPE AND MODEL.

17 ~~5-~~ 6. "Flight property" means all airline company aircraft of the
18 types used in this state except aircraft permanently removed from operations.

19 ~~6-~~ 7. "Operating", "operations" or "operated" means regularly
20 scheduled landings or takeoffs of aircraft.

21 8. "ORIGINAL COST" MEANS THE CAPITALIZED ACQUISITION COST TO THE
22 ORIGINAL PURCHASER FROM THE MANUFACTURER OF AIRFRAMES AND ENGINES PLUS

1 SUBSTANTIAL MODIFICATIONS. IF THE ACQUISITION COST CANNOT BE DETERMINED,
2 ORIGINAL COST MEANS THE MANUFACTURER'S ORIGINAL LIST PRICE FOR THE MODEL,
3 TYPE AND YEAR PLUS SUBSTANTIAL MODIFICATIONS.

4 ~~7-~~ 9. "Person" means any individual, corporation, firm, partnership,
5 company or association, and includes a guardian, trustee, executor,
6 administrator, receiver, conservator or any person acting in a fiduciary
7 capacity therefor.

8 ~~8-~~ 10. "Small flight property" means all airline company aircraft of
9 the types used in this state, not permanently removed from operations, with
10 a maximum passenger capacity of less than fifty-six seats and a maximum
11 payload capacity of less than eighteen thousand pounds.

12 ~~9-~~ 11. "State ground time" means the number of minutes flight
13 property is deemed to be on the ground in this state during the preceding
14 calendar year and is computed by multiplying the number of departures of
15 flight property in this state during the preceding calendar year by
16 forty-five.

17 ~~10-~~ 12. "System ground time" means the number of minutes flight
18 property is on the ground systemwide during the preceding calendar year and
19 is computed by subtracting the number of revenue and nonrevenue airborne
20 minutes of all flight property during the preceding calendar year from
21 aircraft time.

22 Sec. 2. Section 42-704, Arizona Revised Statutes, is amended to read:

23 42-704. Determination of value

24 A. On or before the first Monday in June, the department shall
25 determine the full cash value of all flight property operated in this state
26 in air commerce by every airline company ~~by using the same method of~~
27 ~~valuation as used in the valuation of other unsecured personal property.~~ The
28 full cash value is the value determined as of January 1 of the tax year.

29 B. THE DEPARTMENT SHALL:

30 1. DETERMINE THE VALUATION OF FLIGHT PROPERTY BY FLEET TYPE.

31 2. DETERMINE THE VALUATION OF EACH FLEET TYPE BY THE ORIGINAL COST
32 LESS DEPRECIATION.

33 3. COMPUTE DEPRECIATION USING FIFTEEN-YEAR STRAIGHT LINE DEPRECIATION
34 TO SALVAGE VALUE. SALVAGE VALUE IS:

35 (a) TEN PER CENT OF ORIGINAL COST OF AIRCRAFT THAT ARE OUT OF
36 PRODUCTION.

37 (b) TWENTY-FIVE PER CENT OF ORIGINAL COST OF AIRCRAFT THAT ARE BEING
38 MANUFACTURED AS OF JANUARY OF THE TAX YEAR.

39 4. ALLOW ADDITIONAL OBSOLESCENCE IF SUPPORTED BY MARKET EVIDENCE.

40 C. Small flight property operated in this state in air commerce shall
41 be valued at thirty per cent of its original cost less depreciation AND
42 ADDITIONAL ALLOWED OBSOLESCENCE.

1 D. The valuation apportioned to this state of ~~such flight property~~
2 EACH FLEET TYPE shall be determined by the department to be the proportion
3 of the total valuation thereof determined on the basis of the total of the
4 following percentages:

5 1. Fifty per cent of the percentage which the total state ground time
6 during the preceding calendar year is of the total system ground time during
7 the preceding calendar year.

8 2. Fifty per cent of the percentage which the total mileage scheduled
9 within this state of the ~~flight property~~ FLEET TYPE on flights operated in
10 this state during the preceding calendar year is of the total mileage
11 scheduled within and without this state of such ~~flight property~~ FLEET TYPE
12 during the preceding calendar year.

13 Sec. 3. Retroactivity

14 This act applies retroactively to taxable years beginning from and
15 after December 31, 1995.

APPROVED BY THE GOVERNOR APRIL 23, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 1996