

AIRCRAFT EXCISE TAX CREDIT PROCEDURE

Section 6003.1 of Title 68 of the Oklahoma Statutes, allows a credit against the excise tax levied with respect to the sale of aircraft with a selling price in excess of \$2,500,000. To be eligible to be claimed as a credit, the person/business owing the tax must spend funds for the benefit of public airports in Oklahoma. This expenditure must be certified as such by the Oklahoma Aeronautics Commission (Commission). The following procedures clarify the tasks to be completed in order for the Commission to certify the expenditure of the person/business owing the tax.

1.	The person/business who intends to purchase an aircraft, and who will owe the resulting excise tax shall contact the Director if he is interested in requesting a credit against the excise tax for expenditures by the person/business for the benefit of an airport;
2.	The purchaser shall meet with the Director and staff to outline the expenditures on a proposed project at the beneficiary airport. The Director and staff shall advise the purchaser as to the eligibility of its proposal in view of the statutory standard that the proposed project must benefit the airport. In view of the fact that this is a credit against an excise tax that would be otherwise owed to the State of Oklahoma, the funds expended on such a project are public funds and must be expended in a manner which will benefit the public (i.e., in this context, all the users of the airport and not just for the exclusive use and benefit of the purchaser or any entity or individual). In view of the nature of these funds, the Commission acts as a trustee for the beneficiary airport and the State with respect to requests for an excise tax credit; Inasmuch as possible, a project shall be consistent with the Commission's Aeronautical Improvement Program and/or the Airport Developmental Worksheet. In the event that funds as not spent on the project which equal the excise tax owed, the remainder shall be paid to the Commission.
3.	Staff of the Commission shall meet with the staff of the beneficiary airport about the proposed project, so that the airport staff may express their opinion concerning the standard set forth in #2;
4.	Purchaser, staff of the Commission, and staff of the beneficiary airport shall meet to discuss the proposed project and determine the specific project;

5.	By way of a letter of intent, the purchaser shall provide to the Commission and the beneficiary airport, a detailed plan, including estimated costs of the project and time frame for completion of the project;
6.	Commission staff presents the request of the purchaser for an excise tax credit to the Commission for its determination as to whether the expenditures and project should be certified as benefiting the beneficiary airport;
7.	The Director shall advise the purchaser in writing of the Commission's determination concerning the purchaser's request for an excise tax credit;
8.	Within twenty (20) days after legal ownership or possession of the aircraft which is the subject of the purchaser's request, the purchaser shall expend funds on the project which has been certified by the Commission as benefiting the beneficiary airport equal to the excise tax owed on the aircraft, deposit an equivalent amount in an escrow account approved by the Director and governed by an escrow agreement provided by the Commission, or pay the excise tax due to the Oklahoma Tax Commission. This is required in order to avoid the penalty and interest provided for in Title 68 O.S. §6002;
9.	<p>If the purchaser expends the funds on the certified project or deposits them in an approved escrow account, the Director shall advise the Oklahoma Tax Commission of the following:</p> <ul style="list-style-type: none"> A. The Commission's prior certification of the expenditures and project; B. The purchaser/taxpayer's name and federal identification number; C. The aircraft selling price which must be in excess of \$2,500,000.00; and D. The amount of the expenditure or the equivalent amount deposited in an approved escrow account (both amounts must be equal to the excise tax which would be owed on the aircraft). <p>The Director shall also attach a copy of the Federal Aviation Administration registration for the aircraft to this letter;</p>

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| 10. | <p>The purchaser shall commence the project in accordance with the letter of intent. Representatives of the Commission and the beneficiary airport shall make periodic project inspections. The purchaser, however, is responsible to assure that the project is in compliance with standards of the Federal Aviation Administration and/or the Oklahoma Department of Transportation. Representatives of the Commission and the beneficiary airport shall attend the final inspection of the project. Final acceptance of the project shall be by the purchaser, the Commission and the beneficiary airport.</p> |
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