OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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May 15, 2007

Re: File No.: LR-07-053

Dear

This letter is in response to your request for a letter ruling dated March 21, 2007. After reviewing the facts outlined in your letter and the applicable law, the Tax Policy Division of the Oklahoma Tax Commission issues the following rulings:

1. When is the $250.00 registration fee due as required in 68 O.S. §3-256.2?

When the manufacturer's accounting records reflect property has been removed from general inventory and assigned to an aircraft in the process of manufacture, the registration fee shall be paid to the Oklahoma Tax Commission.

2. Is excise tax due upon the transfer of an aircraft from inventory to be used for rental services?

Yes. The exemption for dealers is strictly limited to aircraft held for sale or resale. Aircraft in the dealer's stock or inventory are exempt but if used for purposes other than demonstration or testing, they lose their exemption. OAC 710:15-3-30(2) and 68 O.S. §254(C)(2).

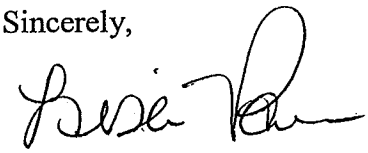
Oklahoma Tax Commission Rule 710:60-7-3, cited in your letter ruling request, applies to vehicles only. Vehicles are defined in 68 O.S. §1-186:

A vehicle is any device in, upon or by which any person or property is or may be transported or drawn upon a highway, excepting devices used exclusively upon stationary rails or tracks.

This response applies only to the circumstances set out in your request dated March 21, 2007. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

If I can be of further assistance, please feel free to contact me.

Sincerely,



Lisa R. Haws
Tax Policy Analyst