

REFERENCE TITLE: aircraft registration fees; taxation; repeal

State of Arizona  
Senate  
Fifty-fifth Legislature  
First Regular Session  
2021

## **SB 1406**

Introduced by  
Senator Petersen

### AN ACT

AMENDING SECTION 28-8323, ARIZONA REVISED STATUTES; REPEALING SECTION 28-8324, ARIZONA REVISED STATUTES; AMENDING SECTION 28-8325, ARIZONA REVISED STATUTES; REPEALING SECTION 28-8327, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-8328, 28-8329, 28-8330, 28-8331 AND 28-8332, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-8335, 28-8336, 28-8337, 28-8338, 28-8339, 28-8340, 28-8341 AND 28-8342, ARIZONA REVISED STATUTES; AMENDING SECTION 28-8343, ARIZONA REVISED STATUTES; REPEALING SECTION 28-8345, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-8347, 28-8382 AND 28-8383, ARIZONA REVISED STATUTES; RELATING TO AIRCRAFT REGISTRATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-8323, Arizona Revised Statutes, is amended to  
3 read:

4 28-8323. Government and dealer aircraft registration

5 A. This state, any political subdivision of this state or the  
6 civil air patrol shall register aircraft it owns and operates exclusively  
7 in the public service, but a registration fee or license tax shall not be  
8 assessed on this aircraft. If this state, any political subdivision of  
9 this state or the civil air patrol does not register the aircraft as  
10 provided in section 28-8322, this state, the political subdivision or the  
11 civil air patrol shall pay the department a penalty fee of ~~twenty-five~~  
12 ~~dollars~~ \$25 for the first month and ~~five dollars~~ \$5 for each succeeding  
13 month until it makes application for registration on the form provided by  
14 the department.

15 B. An aircraft dealer licensed by the department pursuant to  
16 section 28-8383 shall register aircraft the dealer owns and holds for the  
17 purposes of sale. ~~If the dealer fails to register the aircraft with the~~  
18 ~~department as an aircraft being held for purposes of sale on a form~~  
19 ~~provided by the department within ten days after the aircraft is purchased~~  
20 ~~by the dealer, the department shall assess the registration fee prescribed~~  
21 ~~in section 28-8325 and the license tax prescribed in section 28-8335 on~~  
22 ~~the aircraft.~~

23 Sec. 2. Repeal

24 Section 28-8324, Arizona Revised Statutes, is repealed.

25 Sec. 3. Section 28-8325, Arizona Revised Statutes, is amended to  
26 read:

27 28-8325. Registration; certificate; decal; duplicate

28 A. ~~On payment of a registration fee of five dollars, the license~~  
29 ~~tax and the penalty, if any,~~ The department shall issue a certificate and  
30 license decal TO AN APPLICANT WHO SUBMITS AN AIRCRAFT REGISTRATION  
31 APPLICATION IN A MANNER PRESCRIBED BY THE DEPARTMENT.

32 B. The license decal shall be displayed on the aircraft at all  
33 times in the manner prescribed by the department.

34 C. On satisfactory proof of the loss or destruction of the license  
35 decal, the department shall issue a duplicate of the license decal to the  
36 owner on payment of a ~~four-dollar~~ \$4 fee.

37 Sec. 4. Repeal

38 Section 28-8327, Arizona Revised Statutes, is repealed.

39 Sec. 5. Section 28-8328, Arizona Revised Statutes, is amended to  
40 read:

41 28-8328. Failure to register; assessment procedure

42 If an aircraft is not registered within the time periods prescribed  
43 in this article, the director shall assess ~~registration fees, license~~  
44 ~~taxes and~~ penalties due as follows:

1           1. The director shall give written notice of the assessment to the  
2 owner of the aircraft by either mailing the notice in a postage prepaid  
3 sealed envelope addressed to the owner of the aircraft at the owner's  
4 address as it appears in the records of the department or by delivery in  
5 person. Notice is deemed to be complete at the time of mailing or at the  
6 time of personal delivery.

7           2. The assessment is final thirty days after notice is deemed to be  
8 complete, unless, before that time, the department receives a written  
9 objection to the assessment and a request for a hearing from the  
10 owner. If the department receives a request for a hearing, the hearing  
11 shall be conducted as provided in section 28-8244.

12           Sec. 6. Section 28-8329, Arizona Revised Statutes, is amended to  
13 read:

14           28-8329. Late registration; penalty; abatement

15           A. If an aircraft required to be registered under this article is  
16 not registered within sixty days after its entry into this state and  
17 renewed annually on or before the last day of February, a penalty of  
18 ~~twenty-five dollars~~ \$25 for the first month and ~~five dollars~~ \$5 for each  
19 succeeding month of delinquency shall be ~~added to the registration fee and~~  
20 ~~collected~~ IMPOSED unless an exemption for the aircraft is established  
21 pursuant to this article.

22           B. Registration of the aircraft for the year immediately preceding  
23 the year for which the application for registration is made is prima facie  
24 evidence that the aircraft has been based in this state during the year  
25 for which the application for registration is made.

26           C. The director may abate all or a part of any penalty assessed for  
27 failure to register an aircraft within the time periods prescribed in this  
28 article if the director believes that reasonable cause exists for the  
29 failure to register the aircraft as provided by this article. For the  
30 purposes of this subsection, "reasonable cause" means a reasonable basis  
31 for the person responsible for registration of the aircraft to believe  
32 that the aircraft was exempt from registration requirements.

33           Sec. 7. Section 28-8330, Arizona Revised Statutes, is amended to  
34 read:

35           28-8330. Lien

36           A. ~~The license tax, registration fee and~~ A penalty ~~constitute~~  
37 CONSTITUTES a lien on the aircraft on which ~~they are~~ IT IS due from the  
38 due date.

39           B. The lien has priority over any other lien or encumbrance on the  
40 aircraft, except for a lien of other state taxes that has priority by law.

41           C. The lien continues until the ~~license taxes, registration fees,~~  
42 penalties and lien recording fees are paid.

43           D. The department shall issue a release of the lien on receipt of  
44 full payment of the ~~registration fees, license taxes,~~ penalties and lien

1 recording fees secured by the lien. The release shall be a document in a  
2 form as specified in section 11-480.

3 E. If requested by the department, the sheriff of the county in  
4 which the aircraft is found or any other peace officer shall collect the  
5 ~~license tax, registration fee,~~ penalty and lien recording fee by seizure  
6 of the aircraft from the person in possession of the aircraft, if any, and  
7 by sale as provided in section 28-8331.

8 Sec. 8. Section 28-8331, Arizona Revised Statutes, is amended to  
9 read:

10 28-8331. Seized aircraft sale

11 A. If an aircraft has been seized under this article and held for a  
12 period of sixty days and ~~license taxes, registration fees,~~ penalties, lien  
13 recording fees and costs and expenses of seizure are not paid in full, the  
14 sheriff of the county in which the aircraft is found shall sell the  
15 aircraft when requested by the department.

16 B. The sale of an aircraft under this section shall be at public  
17 auction after notice of the sale is sent by the department by certified  
18 mail at least five but not more than twenty days before the sale directed  
19 to the last known address of the owner of the aircraft, if the owner is  
20 known. If the owner is unknown, the department shall give notice by  
21 publication in a newspaper of general circulation in the county in which  
22 the aircraft was seized. If notice is published in a weekly newspaper,  
23 the publication shall be made once each week for two consecutive weeks, or  
24 if published in a daily newspaper, six consecutive times, the last  
25 publication to be at least five but not more than ten days before the date  
26 of the sale.

27 C. Within five days after receipt of the proceeds of the sale, the  
28 sheriff shall transmit the entire proceeds to the department. After  
29 payment by the department of the ~~license taxes, registration fees,~~  
30 penalties, lien recording fees and costs and expenses of the seizure and  
31 sale, the department shall pay the remaining proceeds of the sale to the  
32 owner from whom the aircraft was seized, if the owner is known. If the  
33 owner is unknown, the department shall deposit, pursuant to sections  
34 35-146 and 35-147, the remaining proceeds in the state aviation fund.

35 D. The department may issue a certificate of release of lien on  
36 payment of the ~~license taxes, registration fees,~~ penalties, lien recording  
37 fees and costs and expenses of seizure and sale.

38 Sec. 9. Section 28-8332, Arizona Revised Statutes, is amended to  
39 read:

40 28-8332. Registration; transfer or assignment

41 A. If a person who registered an aircraft under this article  
42 transfers or assigns title to or interest in the aircraft, the  
43 registration of the aircraft expires.

44 B. Within sixty days after the transfer or assignment, the person  
45 to whom the transfer or assignment is made shall register the aircraft in

1 that person's name with the department ~~and pay the regular registration~~  
2 ~~fee~~, unless the aircraft is exempt from registration pursuant to section  
3 28-8322.

4 C. If an aircraft is not registered within sixty days after the  
5 transfer or assignment as required by this section, the department shall  
6 collect an annual penalty of ~~twenty-five dollars~~ \$25 for the first month  
7 and ~~five dollars~~ \$5 for each succeeding month of delinquency ~~in addition~~  
8 ~~to the registration fee~~.

9 Sec. 10. Repeal

10 Sections 28-8335, 28-8336, 28-8337, 28-8338, 28-8339, 28-8340,  
11 28-8341 and 28-8342, Arizona Revised Statutes, are repealed.

12 Sec. 11. Section 28-8343, Arizona Revised Statutes, is amended to  
13 read:

14 28-8343. Aircraft total loss; violation; classification

15 A. If a company that insures an aircraft determines the aircraft is  
16 a total loss, the insurer shall provide to the department an affidavit  
17 stating that a total loss occurred.

18 B. If the aircraft is a total loss, is transferred to another  
19 person, business or organization and is not insured, the person, business  
20 or organization shall provide an affidavit to the department stating the  
21 aircraft to be a total loss.

22 ~~C. On receipt of the affidavit, the director shall:~~

23 ~~1. Determine the amount of registration fee and license tax under~~  
24 ~~this article.~~

25 ~~2. Reduce the amount of the registration fee and license tax by~~  
26 ~~one-twelfth for each full month of the registration period that has not~~  
27 ~~yet expired.~~

28 ~~3. Allow a tax credit to the owner for the appropriate amount of~~  
29 ~~taxes previously paid on verified written application by the owner of the~~  
30 ~~aircraft at the time the total loss occurred. The owner may use the tax~~  
31 ~~credit on the next or several succeeding aircraft registration fees or~~  
32 ~~license taxes that may be owed by the owner.~~

33 ~~D.~~ C. A person who violates this section is guilty of a class 2  
34 misdemeanor.

35 Sec. 12. Repeal

36 Section 28-8345, Arizona Revised Statutes, is repealed.

37 Sec. 13. Section 28-8347, Arizona Revised Statutes, is amended to  
38 read:

39 28-8347. Civil penalties

40 The director may impose a civil penalty against a person required to  
41 register an aircraft under this article as follows:

42 1. In an amount of not more than ~~five hundred dollars~~ \$500 against  
43 a person who wilfully makes or gives under oath or affirmation a false  
44 statement regarding aircraft owned by, leased by or under the control of  
45 the person.

1 ~~2. By assessment of twice the value of the license tax imposed on~~  
2 ~~the aircraft for that year against a person who wilfully conceals,~~  
3 ~~removes, transfers or misrepresents the ownership of the aircraft by the~~  
4 ~~owner or agent of the owner with the purpose of evading taxation.~~

5 ~~3.~~ 2. In an amount of not more than ~~two hundred dollars~~ \$200  
6 against a person who either:

7 (a) Gives the registrar or deputy registrar a false name.

8 (b) Fails or refuses to give the person's name or a list of  
9 aircraft owned by, leased by or under the control of the person.

10 (c) Refuses to swear or affirm to the list.

11 ~~4.~~ 3. If a statement is required to be made for imposing an  
12 assessment ~~or tax~~, in an amount of not more than ~~two hundred dollars~~ \$200  
13 against a person who wilfully makes an oral or written false statement  
14 that is not made under oath.

15 Sec. 14. Section 28-8382, Arizona Revised Statutes, is amended to  
16 read:

17 28-8382. License requirement; application; renewal; liability

18 A. A person shall not act as an aircraft dealer without first  
19 obtaining a license from the director that authorizes the person to engage  
20 in the business of an aircraft dealer.

21 B. A person shall apply for a license on forms prescribed or  
22 authorized by the director. The person shall submit with the application  
23 any required documents and the bond or cash deposit prescribed by section  
24 28-8384. On approval of the application the director shall issue the  
25 license.

26 C. A license issued to an aircraft dealer is valid for one year and  
27 only for the person in whose name it is issued. The aircraft dealer:

28 1. Shall display the license conspicuously in the principal place  
29 of business of the aircraft dealer.

30 2. Shall annually renew the license.

31 3. May not assign the license.

32 D. If an aircraft dealer changes the dealer's place of business,  
33 the dealer shall notify the director in writing within ten days after the  
34 change.

35 E. In addition to any other penalties provided by statute, a person  
36 who acts as an aircraft dealer without first obtaining a license is liable  
37 for ~~both:~~

38 ~~1. The license tax imposed by section 28-8335 on aircraft owned by~~  
39 ~~the person or held by the person on consignment for sale or exchange.~~

40 ~~2.~~ any transaction privilege tax or similar excise tax on the sale  
41 of any aircraft sold, exchanged or brokered by the person that is not  
42 reported and paid as required by law.

1           Sec. 15. Section 28-8383, Arizona Revised Statutes, is amended to  
2 read:

3           28-8383. Aircraft dealer duties

4           A. An aircraft dealer shall both:

5           1. Obtain a tax privilege license from this state.

6           2. Notify the department within ten days after the purchase or sale  
7 of an aircraft or after accepting an aircraft on consignment and file this  
8 notification whether or not the aircraft dealer takes title to the  
9 aircraft. ~~If the notification is not filed in a timely manner, the~~  
10 ~~aircraft is subject to the license tax imposed by section 28-8335.~~

11           B. An aircraft purchased by a dealer for resale or exchange may be  
12 flown only for the purpose of demonstrating it to a prospective  
13 buyer. ~~Any other use of the aircraft subjects the aircraft to the license~~  
14 ~~tax prescribed by section 28-8335.~~ The aircraft dealer shall notify the  
15 department and register the aircraft within fifteen days after any other  
16 use of the aircraft occurs.