

115TH CONGRESS
1ST SESSION

S. 321

To amend the Internal Revenue Code of 1986 to exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 7 (legislative day, FEBRUARY 6), 2017

Mr. BROWN (for himself and Mr. PORTMAN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT**
4 **SERVICES.**

5 (a) IN GENERAL.—Subsection (e) of section 4261 of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new paragraph:

8 “(5) AMOUNTS PAID FOR AIRCRAFT MANAGE-
9 MENT SERVICES.—

1 “(A) IN GENERAL.—No tax shall be im-
2 posed by this section or section 4271 on any
3 amounts paid by an aircraft owner for aircraft
4 management services related to—

5 “(i) maintenance and support of the
6 aircraft owner’s aircraft, or

7 “(ii) flights on the aircraft owner’s
8 aircraft.

9 “(B) AIRCRAFT MANAGEMENT SERV-
10 ICES.—For purposes of subparagraph (A), the
11 term ‘aircraft management services’ includes—

12 “(i) assisting an aircraft owner with
13 administrative and support services, such
14 as scheduling, flight planning, and weather
15 forecasting,

16 “(ii) obtaining insurance,

17 “(iii) maintenance, storage and fuel-
18 ing of aircraft,

19 “(iv) hiring, training, and provision of
20 pilots and crew,

21 “(v) establishing and complying with
22 safety standards, and

23 “(vi) such other services as are nec-
24 essary to support flights operated by an
25 aircraft owner.

1 “(C) LESSEE TREATED AS AIRCRAFT
2 OWNER.—

3 “(i) IN GENERAL.—For purposes of
4 this paragraph, the term ‘aircraft owner’
5 includes a person who leases the aircraft
6 other than under a disqualified lease.

7 “(ii) DISQUALIFIED LEASE.—For pur-
8 poses of clause (i), the term ‘disqualified
9 lease’ means a lease from a person pro-
10 viding aircraft management services with
11 respect to such aircraft (or a related per-
12 son (within the meaning of section
13 465(b)(3)(C)) to the person providing such
14 services), if such lease is for a term of 31
15 days or less.

16 “(D) PRO RATA ALLOCATION.—In the case
17 of amounts paid to any person which (but for
18 this subsection) are subject to the tax imposed
19 by subsection (a), a portion of which consists of
20 amounts described in subparagraph (A), this
21 paragraph shall apply on a pro rata basis only
22 to the portion which consists of amounts de-
23 scribed in such subparagraph.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to amounts paid after the date of
3 the enactment of this Act.

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