II

114TH CONGRESS
1ST SESSION

S. 2092

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

SEPTEMBER 29, 2015

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

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT SERVICES.

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

"(5) AMOUNTS PAID FOR AIRCRAFT MANAGEMENT SERVICES.—

"(A) IN GENERAL.—No tax shall be imposed by this section or section 4271 on any amounts paid by an aircraft owner for aircraft management services related to—

"(i) maintenance and support of the aircraft owner's aircraft; or

"(ii) flights on the aircraft owner's aircraft.

"(B) AIRCRAFT MANAGEMENT SERVICES.—For purposes of subparagraph (A), the term 'aircraft management services' includes assisting an aircraft owner with administrative and support services, such as scheduling, flight planning, and weather forecasting; obtaining insurance; maintenance, storage and fueling of aircraft; hiring, training, and provision of pilots and crew; establishing and complying with safety standards; or such other services necessary to support flights operated by an aircraft owner.

"(C) LESSEE TREATED AS AIRCRAFT OWNER.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'aircraft owner' includes a person who leases the aircraft other than under a disqualified lease.

"(ii) DISQUALIFIED LEASE.—For purposes of clause (i), the term 'disqualified lease' means a lease from a person providing aircraft management services with respect to such aircraft (or a related person (within the meaning of section 465(b)(3)(C)) to the person providing such services), if such lease is for a term of 31 days or less.

"(D) PRO RATA ALLOCATION.—If any amount paid to a person represents in part an amount paid for services not described in subparagraph (A), the tax imposed by subsection (a), if applicable to such amount, shall be applied to such payment on a pro rata basis.".

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

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