

ORDINANCE NO. 4430

AN ORDINANCE AMENDING SECTION 3.12.070 OF CHAPTER 3 OF THE GRAND JUNCTION MUNICIPAL CODE CONCERNING THE EXEMPTION FROM SALES TAX OF SELLER INSTALLED AIRCRAFT PARTS

RECITALS:

The City Council has recently considered a modification to the City's tax code. The proposed change is to exempt from City sales and use tax parts that are permanently affixed to or attached, by the seller, as a component part of an aircraft. The proposed change is contemplated as an economic development incentive. The incentive is necessary because of the ever increasing competition for aircraft work.

The proposed change has been considered by the City Council Economic and Community Development Committee. The Committee forwarded a recommendation of approval to the full City Council. The City Council favorably considered the change in a workshop meeting on June 14, 2010; however, the Committee recommendation is subject to final review and approval by the full City Council.

Because of the very mobile nature of aircraft, the owners and operators thereof have a high degree of flexibility when it comes to contracting for repair, restoration and refurbishment of their airplanes. Grand Junction has world renowned providers of aircraft services, instrumentation installation and aircraft restoration operations; however, a number of firms in other states have become more aggressive in soliciting business that may otherwise have come to Grand Junction. One of the advantages that those firms have over Grand Junction is an exemption from sales tax. In the early 1980's the State of Colorado exempted the sale of aircraft parts from taxation. This ordinance similarly exempts from the City sales tax the same parts and equipment when installed by the seller.

The City Council is committed to a fair and responsible tax code. The City Council is also committed to the principles of economic development and local prosperity. Part of that commitment is the recognition that tax policy is an effective way to sustain and grow our local economy and that from time to time adjustments must be made to it for the betterment of the community. The City Council finds that this ordinance is consistent with those purposes and is protective of the City's health and general welfare.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION: (Additions are shown in ALL CAPS)

That Section 3.12.070 of the Grand Junction Municipal Code is amended as follows:

3.12.070 Exemptions from sales tax.

The tax levied by GJMC [3.12.030\(a\)](#) shall not apply to the following:

(LL) THE SALE OF TANGIBLE PERSONAL PROPERTY THAT IS TO BE PERMANENTLY AFFIXED OR ATTACHED BY THE SELLER, AS A COMPONENT PART OF AN AIRCRAFT. PARTS SOLD TO AND TO BE PERMANENTLY AFFIXED

OR ATTACHED BY THE PURCHASER OR SOMEONE ON BEHALF OF THE PURCHASER, OTHER THAN THE ORIGINAL SELLER ARE NOT EXEMPT FROM TAX.

THE EXEMPTION INCLUDES BUT IS NOT LIMITED TO, PARTS FOR THE AIRCRAFT'S ENGINE(S), FUSELAGE, INSTRUMENTATION, INTERIOR (SEATS, INTERIOR FIXTURES, FINISHES AND TRIM) AND PAINT.

Sunset Clause. Within sixty days of the third anniversary of the adoption of this ordinance the City Council shall consider the effectiveness of the ordinance at achieving its stated purposes. Without further action by the City Council, the terms and provisions of this ordinance shall expire on the third anniversary of the effective date hereof.

Introduced on first reading this 7th day of July 2010.

Passed and adopted on second reading this 19th day of July 2010.

/s/ Teresa A. Coons
President of the City Council

ATTEST:

/s/ Stephanie Tuin
City Clerk