

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

986 A



FROM: Clerk of The Board of Supervisors and Executive Office

SUBMITTAL DATE:
June 01, 2016

SUBJECT: SB 1329 – Property Taxation: Certificated Aircraft [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Oppose SB 1329 (Hertzberg)

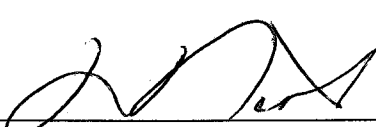
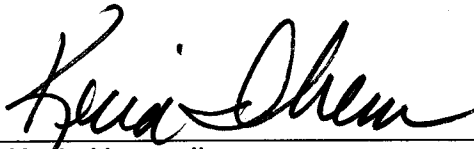
BACKGROUND:

Summary

SB 1329 creates a significant financial risk to both state and local governments and substantial cost burdens for county agencies and the courts. In analyzing this bill there are a number of concerns:

(Continued)

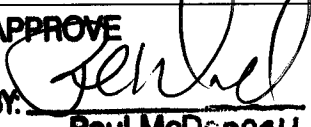
Departmental Concurrence

| | |
|--|--|
|  Brian Nestande Executive Office |  Kecia Harper-Ihem Clerk of the Board |
|--|--|

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT (per Exec. Office) |
|------------------------|----------------------|-------------------|-------------|---------------|--|
| COST | \$ | \$ | \$ | \$ | Consent <input type="checkbox"/> Policy <input type="checkbox"/> |
| NET COUNTY COST | \$ | \$ | \$ | \$ | |

| | |
|-------------------------|---------------------------|
| SOURCE OF FUNDS: | Budget Adjustment: |
| | For Fiscal Year: |

C.E.O. RECOMMENDATION:

APPROVE

 BY: Paul McDonnell
 County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: All

Agenda Number:

3-16

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Oppose SB 1329 (Hertzberg)

DATE: May 3, 2016

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

First, SB 1329 seeks to shift duties and responsibilities assigned from the county board of equalization for air carrier assessment appeals to the trial courts, offering a trial de novo, which would result in a number of unintended consequences, loss of property tax revenue being one of them

Second, SB 1329 fails to take into account that trial court judges lack expertise on property valuation methods, whereas an assessment appeals board member is appointed to his/her position based on career experience in relevant fields. It can be further noted that, each board member is also required, by law, to successfully pass State Board of Equalization training on valuation methods, procedures, and proper conduct. Trial court judges are not subject to any such requirements.

Third, SB 1329 further fails to take into account that the potential expense of "starting over" in court will be more than many counties can responsibly pursue, even though the alternative of seeking a settlement would likely result in an amount much lower than the taxpayer rightfully is obligated to pay. For those counties that choose not seek a settlement, the drain on county resources could be extensive.

Furthermore, acknowledging the growing population of Riverside County and many other counties over the last fifteen years along with the lack of allocations for new funded judicial positions, to meet the increased need, it can be noted that this has resulted in lengthy delays for County residents in accessing justice through their courts. The addition of these responsibilities to already struggling judicial systems would not only make it difficult for County residents but also prove to be detrimental to already overloaded judicial systems.

Impact on Citizens and Businesses

SB1329 will create a reduction in tax revenue used to fund County services, which would diminish the level of services available to the public.

SB 1329 also has the potential to create an even greater backlog in the court system, with such a burden delaying the pursuit of justice for many.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

AMENDED IN SENATE MAY 31, 2016
AMENDED IN SENATE APRIL 26, 2016
AMENDED IN SENATE APRIL 14, 2016
AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1329

Introduced by Senator Hertzberg

February 19, 2016

An act to amend Sections ~~441~~ 401.17, 441, and 1153.5 ~~of, to amend, repeal, and add Sections 5149 and 5170 of, and to add Section 401.18 to,~~ of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1329, as amended, Hertzberg. Property taxation: certificated aircraft.

Existing property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Existing law, for the 2005–06 fiscal year to the 2016–17 fiscal year, inclusive, specifies a formula to determine the fair market value of certificated aircraft of a commercial air carrier, and rebuttably presumes that the amount determined pursuant to this formula is the fair market value of the certificated aircraft. ~~Under existing law, the preallocated fair market value of certificated aircraft is the lesser of the original cost for the aircraft, calculated as specified, or the value of a used aircraft, determined as provided and reduced by 10% for a fleet discount or, for certain individual aircraft, the lesser of 5% or ½ of the percentage decrease between the original cost and 90% of the value, as specified.~~

Existing law, until December 31, 2016, requires the Aircraft Advisory Subcommittee of the California Assessors' Association to designate, after soliciting input from commercial air carriers operating in the state, a lead county assessor's office for each commercial air carrier operating certificated aircraft in this state in an assessment year, and requires the lead county assessor to calculate the value of the air carrier's personal property and to transmit these calculations to other county assessors, but specifies that each county assessor is responsible for assessing and enrolling the taxable value of the property in his or her county, as provided. Existing law, until December 31, 2016, also requires the lead county assessor's office to lead a team to audit the books and records of commercial air carriers and requires a commercial air carrier that receives a notice of the designation of a lead county assessor's office to file one signed property statement with the lead county assessor's office for its personal property at all airport locations and fixtures at all airport locations.

~~This bill would apply a similar formula for determining the fair market value of certificated aircraft for the 2017–18 fiscal year to the 2021–22 fiscal year, inclusive, but would not include the above-described 10% reduction for a fleet discount, and, for valuing individual aircraft, would instead provide that the value is the lesser of 5% or $\frac{1}{2}$ of the percentage decrease between the original cost and the full value, rather than between the original cost and 90% of the full value. The bill would extend the December 31, 2016, inoperative or repeal date to December 31, 2021, for the above-described provisions relating to the determination of the fair market value and taxation of certificated aircraft.~~

~~Existing property tax law requires courts to give precedence to actions brought under provisions governing property taxes, with the exclusion of actions to recover taxes levied on state-assessed property, over all other civil actions, except actions to which special precedence is given by law.~~

~~This bill, until January 1, 2022, would additionally exclude from this requirement property tax refund proceedings for certificated aircraft.~~

~~Existing property tax law provides, with respect to suits for refund of state-assessed taxes, that the trial court is not restricted to the administrative record, but is required to consider all relevant admissible evidence.~~

~~This bill, until January 1, 2022, would extend these provisions to property tax refund proceedings involving certificated aircraft that are filed on or after January 1, 2017.~~

This bill would extend the 2016–17 fiscal year termination date to the 2017–18 fiscal year and the December 31, 2016, inoperative or repeal date to December 31, 2017, for the above-described provisions relating to the determination of the fair market value and taxation of certificated aircraft.

By extending the application of the aforementioned valuation process for certificated aircraft beyond the 2016–17 fiscal year, thereby imposing new duties upon a lead county assessor’s office, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 **SECTION 1. Section 401.17 of the Revenue and Taxation Code**
2 **is amended to read:**
3 401.17. (a) For the 2005–06 fiscal year to the ~~2016–17~~
4 2017–18 fiscal year, inclusive, it shall be rebuttably presumed that
5 the preallocated fair market value of each make, model, and series
6 of mainline jets, production freighters, and regional aircraft that
7 has attained situs within this state is the lesser of the sum total of
8 the amounts determined under paragraph (1) or the sum total of
9 the amounts determined under paragraph (2). The value of an
10 individual aircraft assessed to the original owner of that aircraft
11 shall not exceed its original cost from the manufacturer. The
12 preallocated fair market value of an aircraft may be rebutted by
13 evidence including, but not limited to, appraisals, invoices, and
14 expert testimony.
15 (1) (A) The original cost for the aircraft, which shall be
16 determined as follows and adjusted, as applicable, under
17 subparagraphs (B), (C), and (D):
18 (i) For owned and leased aircraft, the taxpayer’s or lessor’s
19 acquisition cost for that individual aircraft reported in accordance

1 with generally accepted accounting principles, and to the extent
2 not included in the acquisition cost, transportation costs and
3 capitalized interest and the cost of improvements made before a
4 transaction described in clause (ii). If the original cost for leased
5 aircraft cannot be determined from information reasonably
6 available to the taxpayer, original cost may be determined by
7 reference to the "average new prices" column of the Airliner Price
8 Guide for that model, series, and year of manufacture of aircraft.
9 If information is not available in the "average new prices" column
10 for that model, series, and year, the original cost may be determined
11 using the best indicator of original cost plus all conversion costs
12 and improvement costs incurred for that aircraft.

13 (ii) For sale/leaseback or assignment of purchase rights
14 transaction aircraft, the average of the taxpayer's cost established
15 pursuant to clause (i) and the cost established in a sale/leaseback
16 or assignment of purchase rights transaction for individual aircraft
17 that transfers the benefits and burdens of ownership to the lessor
18 for United States federal income tax purposes. In no event shall
19 the original cost for sale/leaseback aircraft be less than the
20 taxpayer's acquisition cost.

21 (iii) In the event of a merger, bankruptcy, or change in
22 accounting methods by the reporting airline, there shall be a
23 rebuttable presumption that the cost of the individual aircraft and
24 the acquisition date reported by the acquired company, if available,
25 or the cost reported prior to the change in accounting method, are
26 the original cost and the applicable acquisition date.

27 (B) (i) For mainline jets and production freighters, the original
28 cost described in subparagraph (A), plus the cost of any
29 improvements not otherwise included in the original cost, shall be
30 adjusted from the date of the acquisition of the aircraft to the lien
31 date using the monthly United States Department of Labor
32 Producer Price Index for aircraft and a 20-year straight-line
33 percent-good table starting from the delivery date of the aircraft
34 to the current owner or, in the case of a sale/leaseback or
35 assignment of purchase rights transaction, as described in this
36 section, the current operator with a minimum combined factor of
37 25 percent.

38 (ii) For regional aircraft, the original cost described in
39 subparagraph (A), plus the cost of any improvements not otherwise
40 included in the original cost, shall be adjusted from the date of the

1 acquisition of the aircraft to the lien date using the monthly United
2 States Department of Labor Producer Price Index for aircraft and
3 a 16-year straight-line percent-good table starting from the delivery
4 date of the aircraft to the current owner or, in the case of a
5 sale/leaseback or assignment of purchase rights transaction, as
6 described in this section, the current operator with a minimum
7 combined factor of 25 percent.

8 (iii) If original cost is determined by reference to the Airliner
9 Price Guide “average new prices” column, the adjustments required
10 by this paragraph shall be made by setting the acquisition date of
11 the aircraft to be the date of the aircraft’s manufacture.

12 (C) (i) For mainline jets and regional aircraft, the assessor shall
13 analyze the adjusted original cost derived pursuant to subparagraph
14 (B), for application of an economic obsolescence allowance which
15 shall be determined as follows:

16 (I) For the applicable year, the assessor shall calculate the
17 average annual net revenue per available seat mile, the net load
18 factor, and the yield utilizing the Airline Quarterly Financial
19 Review published by the United States Department of
20 Transportation, and referring to the section descriptive of the
21 passenger airline industry, entitled “System Operations, System
22 Pax. Majors” for the calendar year ending December 31
23 immediately preceding the applicable assessment date.

24 (II) For a 10-year benchmark, the assessor shall calculate as of
25 December 31 for each of the 10 calendar years preceding the
26 applicable year, the average annual net revenue per available seat
27 mile, the net load factor, and the yield utilizing the Airline
28 Quarterly Financial Review published by the United States
29 Department of Transportation, and referring to the section
30 descriptive of the passenger airline industry, entitled “System
31 Operations, System Pax. Majors” for the calendar year ending
32 December 31 immediately preceding the applicable assessment
33 date.

34 (ii) (I) The assessor shall compare each factor calculated under
35 subclause (I) of clause (i) with the corresponding factor calculated
36 under subclause (II) of clause (i) to derive the percentage that each
37 of the factors calculated under subclause (I) of clause (i) deviated
38 from the 10-year benchmark calculated under subclause (II) of
39 clause (i). The assessor shall then calculate a weighted average of
40 the indicated percentage adjustments, weighted as follows:

1 (aa) Net revenue per available seat mile shall be weighted 35
2 percent.

3 (ab) Net load factor shall be weighted 35 percent.

4 (ac) Yield shall be weighted 30 percent.

5 (II) The assessor shall reduce the adjusted original costs derived
6 under subparagraph (B) by the percentage adjustment calculated
7 in subclause (I), but only if the final economic obsolescence
8 determined under that subclause exceeds 10 percent, otherwise no
9 economic obsolescence allowance shall be provided.

10 (D) (i) For production freighters, the assessor shall analyze the
11 adjusted original cost derived under subparagraph (B), for
12 application of an economic obsolescence allowance, as follows:

13 (I) For the applicable year, the assessor shall calculate the
14 industry average of net revenue per available ton mile and the ton
15 load factor based upon the Airline Quarterly Financial Review
16 published by the United States Department of Transportation, and
17 referring to the section descriptive of the cargo airline industry,
18 entitled "System Operations, System Cargo Majors" for the
19 calendar year ending December 31 preceding the relevant
20 assessment date.

21 (II) For a 10-year benchmark, the assessor shall calculate as of
22 December 31 for each of the 10 calendar years preceding the
23 applicable year, the net revenue per available ton mile and the ton
24 load factor utilizing the Airline Quarterly Financial Review
25 published by the United States Department of Transportation and
26 referring to the section descriptive of the cargo airline industry,
27 entitled "System Operations, System Cargo Majors" as of
28 December 31 for each of the 10 calendar years preceding the
29 calendar year utilized for the subject year, for the calendar year
30 ending December 31 immediately preceding the applicable
31 assessment date.

32 (ii) (I) The assessor shall compare each factor calculated under
33 subclause (I) of clause (i) with the corresponding factor calculated
34 under subclause (II) of clause (i) to derive the percentage that each
35 of the factors calculated under subclause (I) of clause (i) deviated
36 from the 10-year benchmark calculated under subclause (II) of
37 clause (i). The assessor shall then calculate a weighted average of
38 the indicated percentage adjustments so that the net revenue per
39 available ton mile is weighted 50 percent and the ton load factor
40 is weighted 50 percent.

1 (II) The assessor shall reduce the adjusted original costs derived
2 under subparagraph (B) by the percentage adjustment calculated
3 in subclause (I), but only if the final economic obsolescence
4 determined under that subclause exceeds 10 percent, otherwise no
5 economic obsolescence allowance shall be provided.

6 (2) (A) Except as otherwise provided in subparagraph (B), for
7 each individual mainline jet, production freighter, or regional
8 aircraft, the assessor shall identify the value referenced in the "Used
9 Price of Avg. Acft. Wholesale" column of the Winter edition of
10 the Airliner Price Guide by make, model, series, and year of
11 manufacture, and deduct 10 percent from that value for a fleet
12 discount.

13 (B) For each individual mainline jet, production freighter, or
14 regional aircraft that is less than two years old and for which the
15 Airliner Price Guide does not list used wholesale values, the
16 original cost determined under paragraph (1) of subparagraph (A)
17 shall be decreased by the lesser of 5 percent or one-half of the
18 percentage decrease between original cost and 90 percent of the
19 value listed in the "Used Price of Avg. Acft. Wholesale" column
20 of the Winter edition of the Airliner Price Guide for a two-year-old
21 aircraft of that same make, model, and series.

22 (b) For the 2005–06 fiscal year to the ~~2016–17~~ 2017–18 fiscal
23 year, inclusive, it shall be rebuttably presumed that the preallocated
24 fair market value for each make, model, and series of converted
25 freighters that has attained situs within this state is the amount that
26 is determined as follows:

27 (1) (A) The assessor shall begin his or her appraisal of a
28 converted freighter as of the relevant lien date by identifying the
29 aircraft's original cost as a passenger aircraft prior to conversion.
30 The aircraft's original cost as a converted freighter shall be the
31 lesser of:

32 (i) Its trended original cost as a passenger aircraft prior to
33 conversion, less a downward adjustment of 10 percent to reflect
34 tear-outs.

35 (ii) Its value described in the Winter edition of the Airliner Price
36 Guide in the "Used Price of Avg. Acft. Wholesale" column in
37 passenger configuration, less a downward adjustment of 10 percent
38 to reflect tear-outs.

39 (B) The amount determined under subparagraph (A) shall be
40 adjusted according to the following:

1 (i) If, on the relevant lien date, the frame of the aircraft is 15
2 years old or more, 50 percent of the cost to convert the aircraft to
3 a freighter shall be added to the value determined under
4 subparagraph (A).

5 (ii) If, on the relevant lien date, the frame of the aircraft is less
6 than 15 years old, 75 percent of the cost to convert the aircraft to
7 a freighter shall be added to the value determined under
8 subparagraph (A).

9 (iii) In addition, all other improvements, including capitalized
10 interest, to the aircraft that are not otherwise included in the
11 aircraft's original and conversion costs shall be added at full value.

12 (2) The amount determined under paragraph (1) shall be adjusted
13 from the date of the conversion of the aircraft to the lien date using
14 the monthly United States Department of Labor Producer Price
15 Index for aircraft and a 16-year straight-line percent-good table,
16 however, the percent-good applied to the aircraft shall in no event
17 be less than 15 percent.

18 (3) If the Airliner Price Guide "Used Price of Avg. Acft.
19 Wholesale" is utilized under paragraph (1), only the improvements
20 and adjusted conversion costs pertaining to the converted freighter
21 shall be adjusted from the date of the conversion of the aircraft to
22 the relevant lien date using the monthly United States Department
23 of Labor Producer Price Index for aircraft and a 16-year
24 straight-line percent-good table. In no event, however, shall the
25 percent-good applied to the improvements and adjusted conversion
26 costs be less than 15 percent.

27 (4) (A) Except as otherwise provided in subparagraph (B), the
28 assessor shall reduce the adjusted original cost, plus improvements,
29 and adjusted conversion costs, derived under paragraphs (1) to (3),
30 inclusive, by the obsolescence percentage adjustment calculated
31 for production freighters under subparagraph (D) of paragraph (1)
32 of subdivision (a).

33 (B) If the Airliner Price Guide "Used Price of Avg. Acft.
34 Wholesale" is utilized under paragraph (1), only the improvements
35 and adjusted conversion costs pertaining to the converted freighter
36 shall be reduced by the obsolescence percentage adjustment
37 described in subparagraph (A).

38 (c) For purposes of this section, if the Airliner Price Guide
39 ceases to be published or the format significantly changes, a guide
40 or adjustment agreed to by commercial air carriers and the counties

1 in which certificated aircraft have situs shall be substituted. If these
2 parties do not agree on a guide or adjustment, the State Board of
3 Equalization shall determine the guide or adjustment.

4 (d) The taxpayer shall, to the extent that information is
5 reasonably available to the taxpayer, furnish the county assessor
6 with an annual property statement that includes the aircraft original
7 costs as defined in subparagraph (A) of paragraph (1) of
8 subdivision (a). If an air carrier that has this information reasonably
9 available to it fails to report original cost and improvements, as
10 required by Sections 441 and 442, an assessor may in that case
11 make an appropriate assessment pursuant to Section 501.

12 (e) For purposes of this section, all of the following apply:

13 (1) "Converted freighter" means a certificated aircraft, as defined
14 in Section 1150, that, following its original manufacture, was used
15 for passenger transportation, but was later converted to be used
16 primarily for cargo transportation purposes.

17 (2) "Mainline jet" means a certificated aircraft, as defined in
18 Section 1150, that is either of the following:

- 19 (A) Manufactured by Boeing, Airbus, or McDonnell Douglas.
- 20 (B) Capable of being configured with approximately 100 seats
21 or more.

22 (3) "Production Freighter" means a certificated aircraft, as
23 defined in Section 1150, that immediately following its
24 manufacture is deployed primarily for cargo transportation
25 purposes.

26 (4) "Regional aircraft" means a certificated aircraft, as defined
27 in Section 1150, that is either of the following:

- 28 (A) Manufactured by ATR (Avions De Transport Regional),
29 Beech, British Aerospace Jetstream, Canadair Regional Jet, Cessna,
30 DeHaviland, Embraer, Fairchild, or Saab.
- 31 (B) Generally configured with fewer than 100 seats.

32 (5) "Improvements" means the cost of any modifications or
33 capital additions that materially add to the value of or substantially
34 prolong the useful life of the aircraft, or make it adaptable to a
35 different use. "Improvements" include modification costs incurred
36 during a heavy maintenance visit to the extent that they materially
37 add to the value of or substantially prolong the useful life of the
38 aircraft. "Improvements" do not include repair and maintenance
39 costs incurred for the purpose of keeping the aircraft in an
40 ordinarily efficient operating condition.

1 (6) "Net revenue per available seat mile" means operating
2 revenue per available seat mile less cost per available seat mile as
3 determined by the United States Department of Transportation.

4 (7) "Net load factor" means actual passenger load factor less
5 break-even passenger load factor, as determined by the United
6 States Department of Transportation.

7 (8) "Net revenue per available ton mile" means operating
8 revenue per ton mile less cost per available ton mile as determined
9 by the United States Department of Transportation.

10 (9) "Yield" means average revenue per revenue passenger mile
11 as determined by the United States Department of Transportation.

12 (10) "Ton Load Factor" means that percentage of effective use
13 of cargo capacity as determined by the United States Department
14 of Transportation.

15 (f) The amendments made by the act adding this subdivision
16 shall apply with respect to lien dates occurring on and after January
17 1, 2011.

18 *SEC. 2. Section 441 of the Revenue and Taxation Code is*
19 *amended to read:*

20 441. (a) Each person owning taxable personal property, other
21 than a manufactured home subject to Part 13 (commencing with
22 Section 5800), having an aggregate cost of one hundred thousand
23 dollars (\$100,000) or more for any assessment year shall file a
24 signed property statement with the assessor. Every person owning
25 personal property that does not require the filing of a property
26 statement or real property shall, upon request of the assessor, file
27 a signed property statement. Failure of the assessor to request or
28 secure the property statement does not render any assessment
29 invalid.

30 (b) The property statement shall be declared to be true under
31 the penalty of perjury and filed annually with the assessor between
32 the lien date and 5 p.m. on April 1. The penalty provided by Section
33 463 applies for property statements not filed by May 7. If May 7
34 falls on a Saturday, Sunday, or legal holiday, a property statement
35 that is mailed and postmarked on the next business day shall be
36 deemed to have been filed between the lien date and 5 p.m. on
37 May 7. If, on the dates specified in this subdivision, the county's
38 offices are closed for the entire day, that day is considered a legal
39 holiday for purposes of this section.

1 (c) The property statement may be filed with the assessor
2 through the United States mail, properly addressed with postage
3 prepaid. For purposes of determining the date upon which the
4 property statement is deemed filed with the assessor, the date of
5 postmark as affixed by the United States Postal Service, or the
6 date certified by a bona fide private courier service on the envelope
7 containing the application, shall control. This subdivision shall be
8 applicable to every taxing agency, including, but not limited to, a
9 chartered city and county, or chartered city.

10 (d) (1) At any time, as required by the assessor for assessment
11 purposes, every person shall make available for examination
12 information or records regarding his or her property or any other
13 personal property located on premises he or she owns or controls.
14 In this connection details of property acquisition transactions,
15 construction and development costs, rental income, and other data
16 relevant to the determination of an estimate of value are to be
17 considered as information essential to the proper discharge of the
18 assessor's duties.

19 (2) (A) This subdivision shall also apply to an owner-builder
20 or an owner-developer of new construction that is sold to a third
21 party, is constructed on behalf of a third party, or is constructed
22 for the purpose of selling that property to a third party.

23 (B) The owner-builder or owner-developer of new construction
24 described in subparagraph (A), shall, within 45 days of receipt of
25 a written request by the assessor for information or records, provide
26 the assessor with all information and records regarding that
27 property. The information and records provided to the assessor
28 shall include the total consideration provided either by the
29 purchaser or on behalf of the purchaser that was paid or provided
30 either, as part of or outside of the purchase agreement, including,
31 but not limited to, consideration paid or provided for the purchase
32 or acquisition of upgrades, additions, or for any other additional
33 or supplemental work performed or arranged for by the
34 owner-builder or owner-developer on behalf of the purchaser.

35 (e) In the case of a corporate owner of property, the property
36 statement shall be signed either by an officer of the corporation or
37 an employee or agent who has been designated in writing by the
38 board of directors to sign the statements on behalf of the
39 corporation.

1 (f) In the case of property owned by a bank or other financial
2 institution and leased to an entity other than a bank or other
3 financial institution, the property statement shall be submitted by
4 the owner bank or other financial institution.

5 (g) The assessor may refuse to accept any property statement
6 he or she determines to be in error.

7 (h) If a taxpayer fails to provide information to the assessor
8 pursuant to subdivision (d) and introduces any requested materials
9 or information at any assessment appeals board hearing, the
10 assessor may request and shall be granted a continuance for a
11 reasonable period of time. The continuance shall extend the
12 two-year period specified in subdivision (c) of Section 1604 for a
13 period of time equal to the period of the continuance.

14 (i) Notwithstanding any other provision of law, every person
15 required to file a property statement pursuant to this section shall
16 be permitted to amend that property statement until May 31 of the
17 year in which the property statement is due, for errors and
18 omissions not the result of willful intent to erroneously report. The
19 penalty authorized by Section 463 does not apply to an amended
20 statement received prior to May 31, provided the original statement
21 is not subject to penalty pursuant to subdivision (b). The amended
22 property statement shall otherwise conform to the requirements
23 of a property statement as provided in this article.

24 (j) This subdivision shall apply to the oil, gas, and mineral
25 extraction industry only. Any information that is necessary to file
26 a true, correct, and complete statement shall be made available by
27 the assessor, upon request, to the taxpayer by mail or at the office
28 of the assessor by February 28. For each business day beyond
29 February 28 that the information is unavailable, the filing deadline
30 in subdivision (b) shall be extended in that county by one business
31 day, for those statements affected by the delay. In no case shall
32 the filing deadline be extended beyond June 1 or the first business
33 day thereafter.

34 (k) The assessor may accept the filing of a property statement
35 by the use of electronic media. In lieu of the signature required by
36 subdivision (a) and the declaration under penalty of perjury
37 required by subdivision (b), property statements filed using
38 electronic media shall be authenticated pursuant to methods
39 specified by the assessor and approved by the board. Electronic

1 media includes, but is not limited to, computer modem, magnetic
2 media, optical disk, and facsimile machine.

3 (l) (1) After receiving the notice required by Section 1162, the
4 manager in control of a fleet of fractionally owned aircraft shall
5 file with the lead county assessor's office one signed property
6 statement for all of its aircraft that have acquired situs in the state,
7 as described in Section 1161.

8 (2) Flight data required to compute fractionally owned aircraft
9 allocation under Section 1161 shall be segregated by airport.

10 (m) (1) After receiving the notice required by paragraph (5) of
11 subdivision (b) of Section 1153.5, a commercial air carrier whose
12 certificated aircraft is subject to Article 6 (commencing with
13 Section 1150) of Chapter 5 shall file with the lead county assessor's
14 office designated under Section 1153.5 one signed property
15 statement for its personal property at all airport locations and
16 fixtures at all airport locations.

17 (2) Each commercial air carrier may file one schedule for all of
18 its certificated aircraft that have acquired situs in this state under
19 Section 1151.

20 (3) Flight data required to compute certificated aircraft allocation
21 under Section 1152 and subdivision (g) of Section 202 of Title 18
22 of the California Code of Regulations shall be segregated by airport
23 location.

24 (4) Beginning with the 2006 assessment year, a commercial air
25 carrier may file a statement described in this subdivision
26 electronically by means of the California Assessor's Standard Data
27 Record (SDR) network. If the SDR is not equipped to accept
28 electronic filings for the 2006 assessment year, an air carrier may
29 file a printed version of its property statement for that year with
30 its lead county assessor's office.

31 (5) This subdivision shall remain operative only until December
32 31, ~~2016~~: 2017.

33 *SEC. 3. Section 1153.5 of the Revenue and Taxation Code is*
34 *amended to read:*

35 1153.5. (a) The Aircraft Advisory Subcommittee of the
36 California Assessors' Association shall, after soliciting input from
37 commercial air carriers operating in the state, do both of the
38 following:

39 (1) On or before March 1, 2006, and on or before each March
40 1 thereafter, designate a lead county assessor's office for each

1 commercial air carrier operating certificated aircraft in this state
2 in that assessment year.

3 (2) Every third year thereafter, redesignate a lead county
4 assessor's office for each of these air carriers, unless an air carrier
5 and its existing lead county assessor's office concur to waive this
6 redesignation.

7 (b) The lead county assessor's office described in subdivision
8 (a) shall do all of the following:

9 (1) Calculate, pursuant to Section 401.17, an unallocated value
10 of the certificated aircraft of each commercial air carrier to which
11 he or she is designated.

12 (2) Electronically transmit to the assessor of each county in
13 which the property described in paragraph (1) has situs for the
14 assessment year the values determined by the lead county
15 assessor's office under paragraph (1).

16 (3) Receive the property statement, as described in subdivision
17 ~~(h)~~ (m) of Section 441, of each commercial air carrier to which he
18 or she is designated.

19 (4) Lead the audit team described in subdivision (d) when that
20 team is conducting an audit of a commercial air carrier to which
21 he or she is designated.

22 (5) Notify, in writing, each commercial air carrier for which he
23 or she has been designated of this designation on or before the first
24 March 15 that follows that designation.

25 (c) (1) Notwithstanding subdivision (b), the county assessor of
26 each county in which the personal property of a commercial air
27 carrier has situs for an assessment year is solely responsible for
28 assessing that property, applying the allocation formula set forth
29 in Section 1152, and enrolling the value of the property in that
30 county, but, in determining the unallocated fleet value for each
31 make, model, and series of certificated aircraft of a commercial
32 air carrier, the assessor may consult with the lead county assessor's
33 office designated for that commercial air carrier.

34 (2) The lead county assessor's office is subject to Section 322
35 of Title 18 of the California Code of Regulations and Sections
36 408, 451, and 1606 to the same extent as the assessor described in
37 paragraph (1).

38 (d) Notwithstanding Section 469, an audit of a commercial air
39 carrier shall be conducted once every four years on a centralized
40 basis by an audit team of auditor-appraisers from at least one, but

1 not more than three, counties, as determined by the Aircraft
2 Advisory Subcommittee of the California Assessors' Association.
3 An audit, so conducted, shall encompass all of the California
4 Personal Property and fixtures of the air carrier and is deemed to
5 be made on behalf of each county for which an audit would
6 otherwise be required under Section 469.

7 (e) This section shall remain in effect only until December 31,
8 ~~2016~~, 2017, and as of that date is repealed.

9 *SEC. 4. If the Commission on State Mandates determines that*
10 *this act contains costs mandated by the state, reimbursement to*
11 *local agencies and school districts for those costs shall be made*
12 *pursuant to Part 7 (commencing with Section 17500) of Division*
13 *4 of Title 2 of the Government Code.*

14
15
16 **All matter omitted in this version of the bill**
17 **appears in the bill as amended in the**
18 **Senate, April 26, 2016. (JR11)**
19