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No. 2010/052

October 27, 2010

TO COUNTY ASSESSORS:

COMMERCIAL AIR CARRIERS AND CERTIFICATED AIRCRAFT ASSESSMENTS

Assembly Bill 384 (Stats. 2010, ch. 228) was signed by the Governor on September 23, 2010 and will take effect on January 1, 2011. This bill extends existing provisions of law providing streamlined administrative procedures for commercial air carriers and specifying the valuation methodology for certificated aircraft assessments for use until the 2015-16 fiscal year. These provisions will now sunset on December 31, 2015.

Assembly Bill 384 also made the following revisions to the valuation methodology provisions for aircraft. These new provisions apply with respect to lien dates occurring on and after January 1, 2011.

Rebuttable Presumption of Correctness. Expressly provides that the preallocated fair market values of aircraft determined using the specified procedures enjoy only a rebuttable presumption of correctness.

Evidence to Rebut Presumption. Specifies the types of evidence that could be used to rebut the presumption as including, but not limited to, appraisals, invoices, and expert testimony.

Original Owner Value Cap. Specifies that the value of any individual aircraft assessed to the original owner of that aircraft shall not exceed its original cost from the manufacturer.

A copy of the revised portions of sections 401.17, 441, and 1153.5 is enclosed in strikeout/underline format. If you have further questions, please contact the Assessment Services Unit at 916-445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:lg
Encl.

Section 401.17 of the Revenue and Taxation Code as amended by Stats. 2010, ch. 228:

(a) For the 2005-06 fiscal year to the ~~2010-11~~ 2015-16 fiscal year, inclusive, it shall be rebuttably presumed that the preallocated fair market value of each make, model, and series of mainline jets, production freighters, and regional aircraft that has attained situs within this state is the lesser of the sum total of the amounts determined under paragraph (1) or the sum total of the amounts determined under paragraph (2). The value of an individual aircraft assessed to the original owner of that aircraft shall not exceed its original cost from the manufacturer. The preallocated fair market value of an aircraft may be rebutted by evidence including, but not limited to, appraisals, invoices, and expert testimony.

(1) (A) The original cost for the aircraft, which shall be determined as follows and adjusted, as applicable, under subparagraphs (B), (C), and (D):

(i) For owned and leased aircraft, the taxpayer's or lessor's acquisition cost for that individual aircraft reported in accordance with generally accepted accounting principles, and to the extent not included in the acquisition cost, transportation costs and capitalized interest and the cost of improvements made before a transaction described in ~~paragraph~~-*clause* (ii). If the original cost for leased aircraft cannot be determined from information reasonably available to the taxpayer, original cost may be determined by reference to the "average new prices" column of the Airliner Price Guide for that model, series, and year of manufacture of aircraft. If information is not available in the "average new prices" column for that model, series, and year, the original cost may be determined using the best indicator of original cost plus all conversion costs and improvement costs incurred for that aircraft.

(b) For the 2005-06 fiscal year to the ~~2010-11~~ 2015-16 fiscal year, inclusive, it shall be a rebuttably presumed that the preallocated fair market value for each make, model, and series of converted freighters that has attained situs within this state shall be is the amount that is determined as follows

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

Section 441 of the Revenue and Taxation Code as amended by Stats. 2010, ch. 228:

(m)(5) This subdivision shall remain in effect only until ~~December 31, 2010~~ December 31, 2015, and as of that date is repealed.

Section 1153.5 December 2 of the Revenue and Taxation Code as amended by Stats. 2010, ch. 228:

(e) This section shall remain in effect only until ~~December 31, 2010~~, December 31, 2015 and as of that date is repealed.