



## SEN. GEORGE RUNNER (RET.)

VICE CHAIR  
STATE BOARD OF EQUALIZATION  
**CALIFORNIA'S TAX BOARD**

April 2, 2015

Senator Robert Hertzberg, Chair  
Senate Committee on Governance and Finance  
State Capitol, Room 408  
Sacramento, CA 95814

**RE: SENATE BILL 480 (PAN) - TAXATION: QUALIFIED HEAVY EQUIPMENT ▪ SUPPORT ▪**

Dear Senator Hertzberg,

I am pleased to support Senate Bill 480, which changes the way heavy equipment rental businesses collect and pay property tax on their equipment fleets. Specifically, the bill changes the method of taxation for short-term rentals of heavy equipment by imposing a 0.75% tax on the rental price, rather than subjecting the equipment's value to personal property tax as assessed by each county. The tax will be administered and collected by the Board of Equalization.

A heavy equipment fleet is comprised of various types of equipment. Determining fair market value for each piece on an annual basis is challenging for county assessors and problematic for taxpayers. Often, assessors base annual assessments on trended historical cost, but fair market value may be less if, instead, the assessor examines actual equipment sales.

The current process leads to a high volume of tax appeals, as appraisal methods are insufficient and often incorrect. Further, wild swings in annual valuations on a year-to-year basis can occur for numerous reasons. For example, equipment moves from branch to branch and taxability depends on whether the equipment is rented on January 1. Additionally, the results of prior appeals can impact annual valuations. And, lastly, rental companies with multiple locations in the state are subjected to numerous audits each year in different jurisdictions.

SB 480 will bring uniformity to the taxation of heavy equipment as have similar policies in other states, including Maryland, Wyoming, Alabama and Arizona.

This legislation is necessary to bring consistency and predictability to the process of taxing heavy equipment rental businesses and will result in a more equitable taxation process that is less burdensome on taxpayers. For these reasons, I am pleased to support SB 480 and ask for your "aye" vote when it is heard before your committee on April 15.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Runner".

GEORGE RUNNER  
1<sup>st</sup> District

cc: Senator Pan  
Scott Chavez, Consultant, Senate Republican Office of Policy

500 CAPITOL MALL, SUITE 1750, SACRAMENTO, CALIFORNIA 95814 • 916-445-2181 • FAX 916-327-4003  
44441 16<sup>th</sup> STREET W, SUITE 101, LANCASTER, CALIFORNIA 93534 • 661-723-8469 • FAX 661-723-8053

WEBSITE: [www.boe.ca.gov/Runner](http://www.boe.ca.gov/Runner)  
EMAIL: [George.Runner@boe.ca.gov](mailto:George.Runner@boe.ca.gov)