STATE OF CALIFORNIA

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No. 78/129

July 28, 1978

TO COUNTY ASSESSORS:

BUSINESS INVENTORY EXEMPTION—GENERAL AIRCRAFT

Effective with the 1978 lien date general aircraft held by a dealer for sale or lease are eligible for the 50-percent business inventory exemption. They were formerly excluded from the benefits of this exemption under Property Tax Rule 133(b)(2) since they were taxed at a rate different from that applied to real property. This rate difference was eliminated by Proposition 13.

Property Tax Rule 133 will be amended to comply with the current law.

We do wish to point out that some aircraft dealers will use aircraft from their inventory to perform nonscheduled air taxi flights and other activities which constitute a use by the dealer. Aircraft in a dealer's inventory that is, has been, or will be used by him for some purpose other than holding for sale or lease would deny the inventory exemption to the aircraft.

If you have any questions, please call Buddy Florence; his number is (916) 445-4982.

Sincerely,

Walter R. Senini
Chief of Operations
Property Tax Department

WRS:cmm