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No. 83/17

February 8, 1983

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ASSEMBLY BILL 1539, CERTIFICATED AIRCRAFT,
 AND 1983 AIR CARRIER PROPERTY STATEMENTS

On September 21, 1982, the Governor approved Assembly Bill 1539 (Chapter 1219, Statutes of 1982). This act (copy enclosed) affects the assessment of certificated aircraft and scheduled air taxis by amending Section 1152 of the Revenue and Taxation Code.

First Revenue Flight

Under prior law, there was substantial doubt as to whether the exclusion of all time prior to the first revenue flight applied to the air carrier or to the aircraft only. If the exclusion applied only to the aircraft, there would be no exclusion of time when a carrier purchased or leased a used aircraft.

As amended, paragraph (a) of Section 1152 now specifies that all time prior to the aircraft's first entry into revenue service of the carrier in control of the aircraft is to be excluded. AB 1539 further specifies that this amendment is declaratory of existing law.

"Control" of an aircraft is not presently defined in law. We believe that a carrier acquires control via purchase or lease, but control is not acquired via charter. We invite comments if a more thorough definition of control is needed.

This exclusion applies only once per aircraft per carrier. The exclusion does not apply to an aircraft which is reacquired by a carrier, such as an aircraft returned from lease.

Arrivals and Departures Factor

Minor language changes were made to paragraph (b) of Section 1152. These changes do not affect the allocation formula.

Ground Time Exclusion

AB 1539 provides that if an aircraft remains on the ground for 720 or more consecutive hours (30 days) on the ground, all ground time for that grounding in excess of 168 hours shall be excluded from the time allocable to the airport.

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1. This exemption affects only the numerator (time allocable to California) of the time-in-state factor. The denominator (total time) is not affected.
2. The exemption may apply more than once per year; it applies every time an aircraft is on the ground for 720 or more consecutive hours during the representative period.
3. Any takeoff, whether for revenue service or any other purpose, ends the consecutive ground time.
4. Example: An aircraft is grounded at Airport A for 13 consecutive weeks (10,080 minutes per week). During the balance of the year, 1,000 minutes per week are allocable to Airport A and 9,080 minutes per week are allocable elsewhere.

The last three columns of Form AH 570-1-S (Air Carrier's Supplement) demonstrates the calculations for ground time under prior law and current (1983) law. The maximum ground time of 10,080 minutes is shown as 194 minutes in Column 11, because Column 11 is the "representative" week of a 52-week year ($10,080 \div 52 = 193.8$, rounded to 194). The asterisk after 194 shows that the ground time exclusion is in effect.

COUNTY Any
AIRPORT A
REPRESENTATIVE PERIOD-Scheduled Time _____
-Nonscheduled Time X

Time Allocated to this Airport in Minutes			
	9	10	11
	Ground Time (6-3)	Number of Flights Per Week	Total Time [7+8+9)x10]
Prior Law (1980-82)	10,080	13/52	2,520
	1,000	39/52	750
		Total	3,250
Present Law (1983-)	10,080	13/52	194
	1,000	39/52	750
		Total	944

5. If the consecutive ground time is less than 720 hours, there is no exclusion of any of the ground time.
6. The state will not reimburse counties or other local agencies for property tax revenues lost by reason of this exclusion of ground time.

Air Carrier's Property Statements

Minor revisions are necessary to three of the four aircraft forms. Form AH 570-3, Air Carrier's Supplement, Aircraft Value Computations, is not revised. The revisions to the other three forms (copies enclosed) are as follows:

1. For AH 570-1-L, Air Carrier's Supplement, Flight Detail--Piston-Powered and Turboprop Types.

At the top of the instructions page, "Fill in the columns in the following manner": is replaced by "Do not report flight and ground time prior to an aircraft's first entry into revenue service of this carrier; report the details of such excluded time separately." The request to report details of the excluded time is necessary so the counties can file accurate claims for subvention under Section 16113.8 of the Government Code.

The instructions regarding time prior to first revenue flight are deleted from the instructions for Columns 1 and 7.

The following is added to Column 17: "If during the representative period an aircraft spent 720 or more consecutive hours on the ground, report 194 (minutes) and a bold asterisk (194*) for that period of ground time." The purpose of the asterisk is to alert the assessor that the total time for this period is 10,080 minutes ($10,080 \div 52 = 194$) rather than the sum of Columns 13, 14 and 15, multiplied by Column 16.

2. Form AH 570-1-S, Air Carrier's Supplement, Flight Detail--Jet Engine Types Only.

The same revisions are made to this form as were made to AH 570-1-S, except the column numbers are 1, 4, and 11 instead of 1, 7, and 17.

3. Form AH 570-2, Air Carrier's Supplement, Flight Equipment Value Computation.

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The last sentence in the instructions for Column 3 is revised
as follows:

Exclude all flight and ground time prior to an
aircraft's first entry into revenue service of this
carrier; report the details of such excluded time
separately."

If you have any questions regarding the property statements
or AB 1539, please call Charlie Knudsen, Assessment Standards Division,
at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:cam
Enclosure
AL-06-1193A

Assembly Bill No. 1539

CHAPTER 1219

An act to amend Section 1152 of the Revenue and Taxation Code, relating to property taxation.

[Approved by Governor September 21, 1982 Filed with Secretary of State September 22, 1982.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1539, Harris. Property taxation: aircraft.

Under existing property tax law, the allocation formula to be used by assessors with respect to certificated aircraft excludes from the computation of the time-in-state factor, all air and ground time that certificated aircraft have spent within the state prior to the aircraft's first revenue flight.

This bill would provide that rather than ending with the aircraft's first revenue flight, the period to be excluded from the time-in-state factor ends with the aircraft's first entry into the revenue service of the air carrier in control of the aircraft on the current lien date.

This bill would specify that the preceding revision is declaratory of existing law.

This bill would expand this exclusion for the 1983-84 fiscal year and fiscal years thereafter to also include all ground time that certificated aircraft have spent within the state in excess of 168 consecutive hours for certified aircraft which have spent 720 or more consecutive hours on the ground during the representative period.

Section 2229 of the Revenue and Taxation Code provides that the state shall reimburse local agencies for property tax revenues lost by classification or exemption of property for purposes of ad valorem taxation enacted by the Legislature.

This bill would provide that no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to specific provisions of this bill.

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

SECTION 1. Section 1152 of the Revenue and Taxation Code is amended to read:

1152. The allocation formula to be used by each assessor is as follows:

(a) The time in state factor is the proportionate amount of time, both in the air and on the ground, that certificated aircraft have spent within the state during a representative period as compared to the total time in the representative period. For purposes of this subdivision, all time, both in the air and on the ground, that certificated aircraft have spent within the state prior to the aircraft's

first entry into the revenue service of the air carrier in control of the aircraft on the current lien date shall be excluded from the time in state factor. This factor shall be multiplied by 75 percent.

(b) The arrivals and departures factor is the proportionate number of arrivals in and departures from airports within the state of certificated aircraft during a representative period as compared to the total number of arrivals in and departures from airports during the representative period. This factor shall be multiplied by 25 percent.

(c) For the 1983–84 fiscal year and fiscal years thereafter, in computing the time-in-state factor, on each occasion during the representative period that a certificated aircraft has spent 720 or more consecutive hours on the ground, all ground time in excess of 168 hours shall be excluded from the time in state attributable to that aircraft.

(d) The time-in-state factor shall be added to the arrivals and departures factor.

(e) The figure produced by application of subdivision (d) equals the allocation to be applied to full cash value to determine the value to which the assessment ratio shall be applied.

SEC. 2. The amendment to subdivision (a) of Section 1152 of the Revenue and Taxation Code made by this act is declaratory of existing law.

SEC. 3. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency or school district for property tax revenues lost by it as the result of the amendments to subdivision (c) of Section 1152 of the Revenue and Taxation Code made by this act.