

BEWLEY LASSLEBEN & MILLER LLP
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13215 E. PENN STREET, SUITE 510, WHITTIER, CA 90602-1797 562.698.9771

JOSEPH A. VINATIERI, ESQ.

CALIFORNIA STATE AND LOCAL TAX GROUP

JOSEPH A. VINATIERI JEFFREY S. BAIRD
JASON C. DEMILLE PATRICIA VERDUGO
RICHARD L. DEWBERRY

February 13, 2014

Sent Via Email (Sherrie.Kinkle@boe.ca.gov) and U.S. Mail

Sherrie Kinkle
Tax Administrator
County-Assessed Properties Division
State Board of Equalization
PO Box 942879
Sacramento, California 94279-0064

Re: Property Tax Rule 133

Dear Sherrie:

This letter is written to follow up you email of February 11, 2014 as well as the recently held Interested Parties meeting on February 6, 2014. The undersigned is outside tax counsel for United Launch Alliance, LLC (“ULA”). ULA provides, inter alia, the launch vehicle as found in Category IV – Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, etc. on the United States Munitions List, Section 121.1 of ITAR (22 CFR 121.1). We appreciated the opportunity to present comments at the meeting and want to follow up on those comments.

First, it is important to understand that Rule 133 affects more than one party. The space industry continues to evolve and we suspect that there are other parties who are also affected by the rulemaking process of Rule 133 that aren’t even aware of the applicability of the Rule to their particular situation. We appreciate the fact that the Board is taking a leadership role in this matter which bodes well for the growth of the space industry in California and the jobs the industry provides.

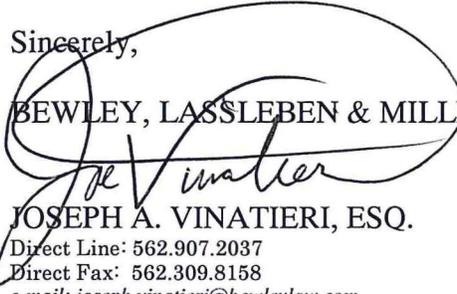
Second, there was much discussion regarding transfer of title as the final attribute of a sale. However, as we discussed at the meeting, under the Sales and Use Tax Law, transfer of possession and/or control can be utilized as a surrogate for title. Pursuant to federal law, the actions of the Range Officer, with no recourse from the launch provider, show the ultimate in control vested in that Range Officer. This is made clear in (E)(ii) of the proposed language.

There was criticism at the Interested Parties meeting regarding whether the State Board of Equalization has the power to amend Rule 133. There can be no question that this Board possesses said power as that rulemaking authority is found in the Government Code. We applaud the staff and Board for utilizing said power and responsibility.

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Thank you for the opportunity to provide our comments and to further California's long standing reputation as an aerospace and space leader.

Sincerely,


BEWLEY, LASSLEBEN & MILLER

JOSEPH A. VINATIERI, ESQ.

Direct Line: 562.907.2037

Direct Fax: 562.309.8158

e-mail: joseph.vinatieri@bewleylaw.com

JAV:dm

cc: Debra Reynolds-Clark, Senior Tax Manager, United Launch Alliance
Dean Kinnee, Property Tax Department, State Board of Equalization