

**PROPERTY TAX RULE 133, BUSINESS INVENTORY EXEMPTION  
ALTERNATIVE LANGUAGE/COMMENTS**

No	SOURCE	PROPOSED LANGUAGE/COMMENTS
1	Los Angeles County Assessor (S. Moller)	<b>Comments:</b> “The LACOA objects to the proposed amendments on at least three grounds. The proposed rule exceeds the authority of the California State Board of Equalization (BOE), is inconsistent with the applicable statute governing business inventories, and conflicts with the BOE’s previous instruction regarding the exemption.”
2	Capitol Strategies Group (D. Loper)	<b>Comments:</b> “I am writing this letter in support of the Board of Equalization’s proposed amendments to Property Tax Rule 133, Business Inventory Exemption. Board staff correctly concluded that the business inventory exemption should apply to space flight property, control over which is relinquished at launch.”
3	United Launch Alliance (D. Reynolds-Clark)	<b>Proposed Revisions:</b> “ (E) Space flight property listed in the International Traffic in Arms Regulations (22 CFR section 121.1) as a defense article on the United States Munitions List, the control over which is relinquished by the owner upon launch. "Space flight" means any flight of a launch vehicle designed for suborbital, orbital, or interplanetary travel by a <u>involving any type of space vehicle, satellite, space facility, or space station of any kind.</u> i) <u>For the purposes of (E) above, the phrase, “control over which is relinquished upon launch” , is intended to mean the transfer of control to the Range Safety Officer pursuant to federal law.”</u>
4	California Assessors’ Association (L. Ward)	<b>Comments:</b> “The California Assessors’ Association requests that the date for comments regarding the proposed revisions to Property Tax Rule 133, as described in LTA no. 2014/004, be moved forward to April 30, 2014. The extension is requested due to the noted progress of Assembly Bill 777 (Muratsuchi), as well as concerns about a rulemaking process being opened concurrently with an active assessment appeal addressing the same issue.”
5	Reliance Machine Products, Inc. (K. Hill)	<b>Comments:</b> “I would like to express our support of the Board of Equalization’s recent decision that space flight property should be categorized as exempt business inventory. The proposed amendments to Property Tax Rule 133 ensure the rule’s equitable application throughout the state. This action is consistent with the authority vested in the Board under Government Code Section 15606(c), and will contribute to maintaining a prosperous aerospace industry in California.”
6	Wesco Aircraft (H. Weinstein)	<b>Comments:</b> “I wish to express our strong support of the Board of Equalization’s recent conclusion that space flight property should be categorized as exempt business inventory. The proposed amendments to Property Tax Rule 133 properly ensure the rule’s uniform application throughout the state. This action is consistent with the authority vested in the Board under Government Code Section 15606(c), and will contribute to maintaining a robust aerospace sector in California.”

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7	Commercial Spaceflight Federation (A. Saltman)	<p><b>Comments:</b> “On behalf of the Commercial Spaceflight Federation, a trade organization with over 45 company members in the commercial spaceflight business, including many in California, I am pleased to see that the State Board of Equalization is making an effort to ensure that space launch vehicles and parts are properly classified as business inventory for the purposes of California tax provisions.”</p>
8	Santa Clara County Assessor (L. Stone)	<p><b>Comments:</b> “I write to oppose staff’s suggested revision to Property Tax Rule 133, which exempts space flight equipment as business inventory. In addition, I want to strongly echo the comments submitted by the Los Angeles County Assessor’s Office in their letter to the State Board of Equalization (BOE) dated January 27, 2014. Finally, I write to express a number of other concerns with this proposal.</p> <p><b>INITIATION OF RULE-MAKING PROCESS SETS BAD PRECEDENT</b></p> <p><b>RULE IS INCONSISTENT WITH REVENUE AND TAXATION CODE SECTION 129</b></p> <p><b>SPACE JUNK OR REUSABLE SPACESHIP</b></p> <p><b>PROPOSAL EXCEEDS BOE AUTHORITY</b></p> <p><b>NO URGENCY FOR INTERVENTION IN AN APPEAL</b></p> <p>In summary, the proposed ruling is contrary to law and to previous advice provided by the BOE to county assessors. Allowing the revision to occur will set a bad precedent and encourage other companies to seek the same exemption. I urge the BOE staff to halt further discussion of this ill-conceived proposal.”</p>