



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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March 11, 2015

Honorable Isadore Hall, III  
California State Senator  
State Capitol, Room 4085  
Sacramento, CA 95814

Subject: **BOE Support for SB 357, as Introduced February 24, 2015**

Dear Senator Hall:

The Board of Equalization (BOE) is sponsoring your Senate Bill 357 (Hall) related to the Private Railroad Car Tax. Since these railroad cars travel throughout North America, the property tax imposed on these cars must be limited to California's fair share of the cars' total value. This bill changes the measurement method used to reflect the presence of these cars within California's borders.

Specifically, SB 357 changes the measure of presence from the pro rata number of car days spent in California to the pro rata number of miles traveled in California. Converting to a mileage-based system is appropriate and fair, allocates value among states in a consistent manner, and reduces the administrative burden for both taxpayers and the BOE. This bill offers the following benefits:

- **Conformity.** A mileage-based system conforms to the methodology used to measure presence in all other states that impose the tax.
- **Reduces Taxpayer Compliance Burdens.** Conformity makes compliance with California law easier and less costly for private railroad car owners.
- **Efficiency.** A mileage-based system is less complex and less costly to administer for both the car owners and the BOE.
- **Accuracy.** Assessments would be more accurate because, while car day data relies on 2<sup>nd</sup> and 3<sup>rd</sup> party sources, mileage data is available directly from car owners. This data is verifiable by the railroads since they bill car owners for railroad use based on miles.
- **Cost Avoidance.** The BOE's current software program based on car days is at the end of its useful life. Switching to a mileage basis will obviate the need to incur costs to replace the program.

If you have any questions or need additional information regarding this bill, please contact Michele Pielsticker, Chief, Legislation and Research Division, at (916) 322-2376.

Sincerely,

  
Cynthia Bridges  
Executive Director