



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0066  
916-445-5742 • FAX 916-445-1813  
www.boe.ca.gov

SEN. GEORGE RUNNER (RET.)  
First District

FIONA MA, CPA  
Second District

JEROME E. HORTON  
Third District

DIANE L. HARKEY  
Fourth District

BETTY T. YEE  
State Controller

CYNTHIA BRIDGES  
Executive Director

April 14, 2015

Honorable Jerry Hill  
California State Senate  
State Capitol, Room 5035  
Sacramento, CA 95814

Subject: **BOE Sponsorship of SB 661, as Introduced February 25, 2015**

Dear Senator Hill:

The Board of Equalization (BOE) is sponsoring your Senate Bill 661, which transfers jurisdiction over commercial air carrier personal property from counties to the BOE. This change will be more administratively efficient than the current system scheduled to expire next year. The BOE currently assesses the property of public utilities, including electric generation facilities, gas and electric transmission companies, telecommunications companies, railroad companies, and companies with intercounty pipelines and water courses. Moreover, the BOE's extensive experience in property valuation has seen relatively few appeals. While the local centralized system streamlined some elements and helped promote statewide uniformity over aircraft fleet values, it did not streamline the appeals and litigation process, which has been costly for the assessors and taxpayers. The expiration of these laws provides an opportunity to consider an alternative approach and enhance centralization at the state level.

This bill offers the following benefits:

- **One Stop for Personal Property.** It allows airlines to transact with one taxing agency instead of 18 separate counties for their aircraft and other personal property holdings. This reduces taxpayer compliance burdens.
- **Reduced Litigation.** It provides centralization for both assessment and assessment protest issues. Appealing and litigating in multiple jurisdictions is time consuming, inefficient, and costly for both counties and air carriers.
- **Conformity with Other States.** Most other states that impose a property tax on airline property apply state assessment.
- **Efficiency.** A single appraisal team under one agency will conduct the necessary valuations.
- **Uniformity.** Assessments would be more uniform with one board, rather than 18 county assessors, setting values.

It simply makes more administrative sense for this property to be centrally assessed at the state level as do most other states.

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

CB:ah