



BOARD OF EQUALIZATION

PROPERTY TAX COMMITTEE MEETING MINUTESHONORABLE CLAUDE PARRISH, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

DECEMBER 14, 2004, 9:30 A.M.

ACTION ITEM**Agenda Item No: 1****Title:**

Petition to Amend Property Tax Rule 138, *Exemption for Aircraft Being Repaired, Overhauled, Modified or Serviced.*

Issue:

Should the Board authorize amendment of subsection (b) of Property Tax Rule 138, *Exemption for Aircraft Being Repaired, Overhauled, Modified or Serviced*, as proposed by the California Assessors' Association (CAA) in its petition? The CAA proposes to delete the last sentence of subsection (b) that reads, "Aircraft in California solely for the purposes described in subsection (b)(1) include any incidental and attendant storage" and to replace it with "Aircraft in California primarily for the purpose of storage may require incidental maintenance or servicing related to storage. Such aircraft do not qualify for the exemption."

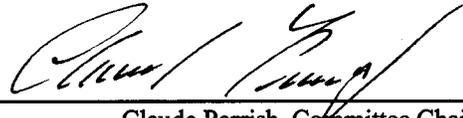
Committee Discussion:

Staff asked the committee to recommend that the Board deny the CAA's petition to amend Rule 138. Industry representatives spoke in opposition to the proposed amendments, generally citing the negative economic impact of taxing aircraft that are exempt under the existing rule. In support of their petition, several members of the CAA spoke generally of their view that the existing rule provides an exemption not authorized by statute, and suggested that any exemption of the aircraft that are currently exempt under Rule 138 should be accomplished not by Board rule, but instead through legislation. Some committee members acknowledged the CAA's concerns about the inconsistency between the existing rule and statutory provisions; however, the committee was generally not in favor of adopting the CAA's proposed amendments.

Committee Action:

The committee voted to recommend that the Board deny the CAA's petition, thereby retaining the existing language in Rule 138.

Approved:



Claude Parrish, Committee Chair



Ramon J. Hirsig, Executive Director

BOARD APPROVED

At the 12/14/04 Board Meeting



Deborah Pellegrini, Chief
Board Proceedings Division