



STATE BOARD OF EQUALIZATION

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Executive Director

No. 2001/048

July 27, 2001

TO COUNTY ASSESSORS:
COUNTY COUNSEL: AND
TO INTERESTED PARTIES:

**NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION
PROPERTY TAX RULE 206, ASSESSMENT OF ARTIFICIAL SATELLITES**

PUBLIC HEARING: SEPTEMBER 12, 2001

NOTICE IS HEREBY GIVEN

The State Board of Equalization, pursuant to authority vested in it by subdivision (c) of section 15606 of the Government Code, proposes to add Rule 206, Assessment of Artificial Satellites, in Title 18, Division 1, Chapter 2, Article 6 of the California Code of Regulations relating to property tax. A public hearing on the proposed regulation will be held in Room 121, 450 N Street, Sacramento, California at 1:30 p.m., or as soon thereafter as the matter may be heard, on September 12, 2001. At the hearing, any person interested may present statements or arguments orally or in writing relevant to the proposed regulatory action. The Board will consider written statements or arguments if received by September 12, 2001.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

In general, the California Constitution and the Revenue and Taxation Code provide that all property in the state is subject to property taxation with certain enumerated exemptions. To be subject to property tax, however, constitutional and case law require that the property have situs in this state.

Certain persons domiciled in California own artificial satellites that are permanently located in outer space. To date, neither county assessors nor the State Board of Equalization have assessed these satellites. Recently, an issue has arisen whether these satellites have a situs in California for purposes of imposing the property tax. The State Board of Equalization is proposing to promulgate Rule 206 to make it clear that artificial satellites do not have a tax situs in California for property tax purposes.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined the following:

- The proposed amendments to the rule do not impose a mandate on local agencies or school districts;
- The proposed amendments will not result in a direct or indirect cost or savings to any State agency,
- The proposed amendments will not result in any costs to local agencies or school districts that are required to be reimbursed under Part 7 (commencing with section 17500) of Division 4 of Title 2 of the Government Code;
- The proposed amendments will not result in any other non-discretionary costs or savings imposed on local agencies;
- The proposed amendments will not result in any cost or savings in federal funding to the State of California

EFFECT ON BUSINESS

Pursuant to Government Code section 11346.5, subdivision (a)(8), the State Board of Equalization makes an initial determination that the adoption of the proposed amendments to Rule 206:

- Will have no significant statewide adverse economic impact directly affecting business;
- Will neither create nor eliminate jobs in the State of California nor result in the elimination of existing business nor create or expand business in the State of California;
- Will not be detrimental to California businesses in competing with businesses in other states;
- May affect small business.

COST IMPACT ON PRIVATE PERSONS OR BUSINESS

The State Board of Equalization is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

SIGNIFICANT EFFECT ON HOUSING COSTS

The proposed amendments will have no significant effect on housing costs.

FEDERAL REGULATIONS

Rule 206 has no comparable federal regulations

AUTHORITY

Section 15606, sub. (c), Government Code

REFERENCE

California Constitution, Article XIII, section 14
Revenue and Taxation Code, sections 201

CONTACT

Questions regarding the substance of the proposed regulation should be directed to Mr. Lawrence A. Augusta, (916) 445-6493, at 450 N Street, MIC: 82, Sacramento, CA 95814 (email Larry.Augusta@boe.ca.gov).

Written comments for the Board's consideration, notice to present testimony, bring witnesses to the public hearing, and inquiries concerning the proposed administrative action should be directed to Diane Olson, Regulations Coordinator (916) 322-9569, fax number (916) 324-3984 (email Diane.Olson@boe.ca.gov), or Joann Richmond, Property Taxes Analyst, (916) 322-1931 (email Joann.Richmond@boe.ca.gov), at 450 N Street, Sacramento, CA 95814.

ALTERNATIVES CONSIDERED

The State Board of Equalization must determine that no reasonable alternative considered by it or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which this action is proposed, or be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The State Board of Equalization has prepared an initial statement of reasons and an underscored version (express terms) of the Rule as proposed to be amended. Both of these documents and all information on which the proposal are based are available to the public upon request. The Rulemaking file is available for public inspection at 450 N Street, Sacramento, California. The express terms of the proposed amended Rule are available on the Internet at the Board's web site: <http://www.boe.ca.gov>.

AVAILABILITY OF FINAL STATEMENT OF REASONS

The final statement of reasons will be made available on the Internet at the Board's web site following its public hearing of the proposed amendments. It is also available for public inspection at 450 N Street, Sacramento, California 95814.

ADDITIONAL COMMENTS

Following the public hearing, the State Board of Equalization may, in accordance with the law, adopt the proposed amended rule if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the regulation. The text of any modified regulation will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified rule will be available to the public from Ms. Diane Olson. The State Board of Equalization will consider written comments on the modified rule for fifteen days after the date on which the modified rule is made available to the public.

Date: July 27, 2001

STATE BOARD OF EQUALIZATION

Deborah Pelegrini, Chief
Board Proceedings Division

Rule 206 – Assessment of Artificial Satellites

206 - An artificial satellite permanently located in outer space does not have a tax situs in this state.

Authority: Section 15606 (c) Government Code

Reference: California Constitution, article XIII, section 14; Section 201, Revenue and Taxation Code.