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Executive Director

No. 2016/056

December 12, 2016

TO: COUNTY ASSESSORS
COUNTY AUDITORS
COUNTY TAX COLLECTORS

**TIME FOR CONSULTING WITH THE BOARD ON THE
AIRCRAFT REPRESENTATIVE PERIOD UNDER
REVENUE AND TAXATION CODE SECTION 1153**

Pursuant to the authority vested in me by section 155 of the Revenue and Taxation Code and Property Tax Rule 1051, I am extending for 30 days the time for county assessors to consult with the State Board of Equalization (Board) regarding the designation of the representative period for the 2017 tax year for the assessment of aircraft operated by certificated air carriers. The discussion regarding the representative period has been removed from the December 14, 2016 Property Tax Committee agenda, and will instead be placed on the January 24-26, 2017 Board meeting agenda.

Revenue and Taxation Code section 1153 provides:

After consulting with the assessors of the counties in which aircraft of an air carrier normally make physical contact, the board shall designate for each assessment year the representative period to be used by the assessors in assessing the aircraft of the carrier.

Property Tax Rule 202, subdivision (f), further clarifies:

REPRESENTATIVE PERIOD. Annually, on or before December 20, the board shall consult with the assessors of the counties in which air carrier's aircraft normally make physical contact. On or before January 15, the board shall designate a representative period to be used by all assessors in assessing the aircraft of each carrier for the forthcoming fiscal year.

By extending the time for consultation regarding the representative period between county assessors and the Board, that action will necessarily extend the time by which the Board must designate the representative period beyond January 15.

On December 1, 2016, the Board received a petition from the counsel for Airlines for America requesting that the Board adopt proposed Rule 475, *Certificated Aircraft*. While the proposed rule does not specifically discuss the designation of the representative period, the rule establishes a rebuttable presumption for the preallocated fair market value of certificated aircraft. The

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preallocated fair market value and the representative period, which determines the presence of the aircraft in California, combine to establish the assessed value.

Considering the possible impact the petition may have on the designation of the representative period, the December 20 deadline for the Board and county assessors to consult has been extended. Discussions regarding the designation of the representative period and the rulemaking petition submitted by industry will be scheduled for the January 24-26, 2017 Board meeting.

Questions regarding the extended consultation period should be directed to the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau
Executive Director

DJG:sk