



CAPITOL
STRATEGIES
GROUP
GOVERNMENT AFFAIRS

January 23, 2014

Ms. Sherrie Kinkle
State Board of Equalization
Property and Special Taxes Department
450 N Street
P.O. Box 942879
Sacramento, California 94279-0064

Re: Property Tax Rule 133, Business Inventory Exemption

Dear Ms. Kinkle:

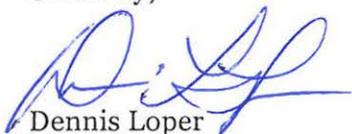
On behalf of my client, Space Exploration Technologies Corporation, or SpaceX, I am writing this letter in support of the Board of Equalization's proposed amendments to Property Tax Rule 133, *Business Inventory Exemption*. Board staff correctly concluded that the business inventory exemption should apply to space flight property, control over which is relinquished at launch.

Government Code Section 15606(c) authorizes the Board to "[p]rescribe rules and regulations to govern ... assessors when assessing." Moreover, the statute empowers the Board to provide "instructions to assessors designed to promote uniformity throughout the state," and the Board "may adapt the instructions to varying local circumstances and to differences in the character and conditions of property subject to taxation as in its judgment is necessary to attain this uniformity." (*Id.*, § 15606(e).) I applaud the Board's proper exercise of its authority and judgment in this circumstance.

Space flight property undoubtedly represents challenges for the property tax system due to government restrictions stemming from national security concerns and the nuances involved in properly assessing the property. The Board's careful revision of Rule 133 is an important step in promoting uniformity and correctly accounting for the intricacies and customs inherent in space-related endeavors and contracts, while remaining faithful to Rule 133's spirit and intent.

Once again, we believe that the Board's revision of the business inventory exemption reflects the proper interpretation of the governing statute.

Sincerely,



Dennis Loper