

# OFFICE OF THE ASSESSOR

February 25, 2013

TO: Bob Opsasnick, Principal Appraiser  
Commercial Airlines Section  
Major Personal Property Division

FROM: Neil Najjar, Supervising Appraiser  
Commercial Airlines Section  
Major Personal Property Division

**SUBJECT: BOE CORRESPONDANCE ACTION REQUEST (LTA 2013/019)**

## **LAX Representative Week Analysis**

Enclosed is the Commercial Airlines Section comments/suggestions pursuant to the process generated as a result of (LTA 2013/019).

The section has obtained actual flight data of US based Commercial Airlines from the Noise Abatement Division of Los Angeles World Airports as the tool to analyze the flight activity (Arrivals/Departures) at Los Angeles International Airport (LAX). The data was used to compare the accuracy of the representative period assigned by the State Board of Equalization annually as required by R&T § 1153. We compiled data covering CYE 2010-2012 for corresponding assessment years 2011-2013. The activity shows that a representative period during the second week of January does not accurately reflect the prior year activity. (See Exhibit A)

Below is a listing of representative periods assigned by the Board of Equalization for assessment years 1993-2013. The lien date changed from March 1 to January 1 beginning with 1997. Prior to the change, the representative period included the lien date or took place prior to the lien date. When the lien date was changed to January 1, the representative week was also changed as to not capture flight activity from the Christmas and New Year travel season. This is the main driver of setting the representative period to a week after the lien date.

January 6-12, 2013  
January 9-15, 2011  
January 25-31, 2009  
January 21-27, 2007

January 8-14, 2012  
January 24-30, 2010  
January 20-26, 2008  
January 15-21, 2006

January 9-15, 2005	January 4-10, 2004
January 5-11, 2003	January 6-12, 2002
January 7-13, 2001	January 9-15, 2000
January 3-9, 1999	December 28, 1997-January 3, 1998
January 5-11, 1997	
February 26-March 3, 1996	(lien date 3/1)
February 19-25, 1995	(lien date 3/1)
February 27-March 5, 1994	(lien date 3/1)
February 28- March 6, 1993	(lien date 3/1)

However, after an analysis of flight activity at LAX, the Commercial Airlines section has determined that a representative period in January does not accurately reflect average activity of the prior calendar year. The two main criteria taken into account for a representative period are:

1. The representative period should occur within the prior calendar year
2. The representative period should accurately reflect the activity of the calendar year prior to the lien date

Below is the analysis comparing the current methodology with the proposed method of having the representative period in the second week of March or December:

**CURRENT METHOD - Representative Week in January After the Lien Date**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Representative Week Activity	7876	7976	7654
Actual Prior Year (weekly avg arr/dep)	8194	8482	7857
Difference	<b>(318)</b>	<b>(506)</b>	<b>(203)</b>
<b>Percentage Difference</b>	<b>-3.88%</b>	<b>-5.97%</b>	<b>-2.58%</b>

**PROPOSED METHOD - Representative Week in March After the Lien Date**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Representative Week Activity	N/A	8285	8251
Actual Prior Year (weekly avg arr/dep)	8194	8482	7857
Difference		<b>(197)</b>	<b>394</b>
<b>Percentage Difference</b>		<b>-2.32%</b>	<b>5.01%</b>

**PROPOSED METHOD - Representative Week in December Before the Lien Date**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Representative Week Activity	8006	8212	7764
Actual Prior Year (weekly avg arr/dep)	8194	8482	7857
Difference	<b>(188)</b>	<b>(270)</b>	<b>(93)</b>
<b>Percentage Difference</b>	<b>-2.29%</b>	<b>-3.18%</b>	<b>-1.18%</b>

The analysis shows that the arrival and departure activity of the January representative week after the lien date falls below the average weekly activity of the prior calendar year. For Los Angeles County the difference in assessed aircraft values for 2011 to 2012 using the current method are:

<u>Year</u>	<u>Total</u> <u>Allocated</u> <u>Aircraft Value</u>	<u>Adjusted</u> <u>Allocated</u> <u>Aircraft Value</u>	<u>Percentage</u> <u>Difference</u>	<u>Allocated</u> <u>Value</u> <u>Difference</u>	<u>Loss in</u> <u>Revenue</u>
2011	2,116,749,855	2,172,808,309	-2.58%	(56,138,486)	\$ (1,080,666)
2012	2,181,364,477	2,319,860,127	-5.97%	(138,392,976)	\$ (2,664,065)

**Recommended Representative Period**

Based upon this data, the second week of January does not accurately reflect the activity of the prior calendar year and in fact is below average. After looking at actual weekly activity for the past three years, it would appear that the activity of September and October of the prior calendar year are consistently within +/- 1% of the weekly average.

**RECOMMENDED METHOD -****Representative Week-- last week of September Before the Lien Date**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Representative Week Activity	8153	8439	7830
Actual Prior Year (weekly avg arr/dep)	8194	8482	7857
Difference	<b>(41)</b>	<b>(43)</b>	<b>(27)</b>
<b>Percentage Difference</b>	<b>-0.50%</b>	<b>-0.51%</b>	<b>-0.34%</b>