

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 4, 2010
POSITION: Neutral
SPONSOR: California Assessors Association

BILL NUMBER: AB 384
AUTHOR: F. Ma

BILL SUMMARY: Property Taxation: Certified Aircraft Assessment

Current law specifies the methodology for determining the value of certificated aircraft for property tax purposes. The value is based upon the lesser of the historical cost basis, or on the prices listed in the Airliner Price Guide, a commercially prepared value guide for aircraft, with certain specified adjustments. These provisions are scheduled to sunset after the 2010-11 fiscal year. This bill would extend the sunset date until after the end of the 2015-16 fiscal year, and provide that the assessed values obtained by the application of the approved valuation method shall be considered rebuttable presumptions.

Existing law provides that commercial air carriers operating in multiple airport locations in California may file a single consolidated property statement with a designated lead county. The property statement details property holdings, acquisition costs, and flight and ground data which serve as the basis for determining assessed values for the upcoming year. These provisions are scheduled to sunset on December 31, 2010.

This bill would extend that date to December 31, 2015.

Current law specifies the process for selecting the lead county for each commercial air carrier and notifying that air carrier of the lead county to which it is to file its consolidated property statement. That lead county then calculates the total fleet value of the carrier's certificated aircraft for each make and model. The fleet value and other information are then transmitted to the other counties and each individual county determines its allocated portion of the fleet based on the flight data for its particular county. These provisions are scheduled to sunset on December 31, 2010.

This bill would extend that date to December 31, 2015.

FISCAL SUMMARY

Finance estimates this bill would have no state General Fund impact, because it extends a currently existing taxation mechanism.

COMMENTS

Finance notes the following with regard to this bill:

- Similar legislation, AB 311 (F. Ma) 2009-10, was vetoed by the governor in 2009, citing a lack of consensus among the bill's stakeholders. The author's office states that the inclusion of the rebuttable presumption, which provides for the appeal of any assessment, has addressed the concerns of the dissenting stakeholders.
This bill would ensure continuity in the methodology for fixing the assessed value of commercial aircraft for property tax purposes. Absent a uniform assessment mechanism such as this, each county assessor will be reliant upon their own judgment when fixing the value of aircraft that operate from airports in their county. This can lead to uncertainty for air carriers and to increased assessment and appeals workload for assessors.

Analyst/Principal Date Program Budget Manager Date
(0762) C. Hill Mark Hill

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

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AB 384

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012
0001/Major Rev	SO	No		-----	No/Minor Fiscal Impact	-----		0001