

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1329

Introduced by Senator Hertzberg

February 19, 2016

An act to amend Sections ~~742 and 744~~ of 401.17, 441, and 1153.5 of, and to amend, repeal, and add Section 5170 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1329, as amended, Hertzberg. ~~Property tax: reassessment: electronic mail.~~ *Property taxation: certificated aircraft.*

Existing property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Existing law, for the 2005–06 fiscal year to the 2016–17 fiscal year, inclusive, specifies a formula to determine the fair market value of certificated aircraft of a commercial air carrier, and rebuttably presumes that the amount determined pursuant to this formula is the fair market value of the certificated aircraft. Existing law, until December 31, 2016, requires the Aircraft Advisory Subcommittee of the California Assessors' Association to designate, after soliciting input from commercial air carriers operating in the state, a lead county assessor's office for each commercial air carrier operating certificated aircraft in this state in an assessment year, and requires the lead county assessor to calculate the value of the air carrier's personal property and to transmit these calculations to other county assessors, but specifies that each county assessor is responsible for assessing and enrolling the taxable value of the property in his or her county, as provided. Existing law, until

December 31, 2016, also requires the lead county assessor's office to lead a team to audit the books and records of commercial air carriers and requires a commercial air carrier that receives a notice of the designation of a lead county assessor's office to file one signed property statement with the lead county assessor's office for its personal property at all airport locations and fixtures at all airport locations.

This bill would extend the 2016–17 fiscal year termination date to an unspecified year and the December 31, 2016, inoperative or repeal date to an unspecified date, for the above-described provisions relating to the determination of the fair market value and taxation of certificated aircraft.

Existing property tax law provides, with respect to suits for refund of state-assessed taxes, that the trial court is not restricted to the administrative record, but is required to consider all relevant admissible evidence.

This bill, until an unspecified date, would extend these provisions to property tax refund proceedings involving certificated aircraft.

By extending the application of the aforementioned valuation process for certificated aircraft beyond the 2016–17 fiscal year, thereby imposing new duties upon a lead county assessor's office, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~With respect to state-assessed property, existing property tax law establishes a procedure by which an assessee may petition the State Board of Equalization for reassessment of unitary or nonunitary property. Existing property tax law requires the board to mail to the assessee the notice of the time and place of a hearing on the petition and the decision on the petition. Existing property tax law requires the notice of the time and place of a hearing be sent at least 10 working days in advance of the date of the hearing.~~

~~This bill would require the board to send these documents to the assessee's electronic mail address if the assessee requests that they be sent by electronic mail. The bill would also require that notice of the~~

~~time and place of the hearing instead be sent at least 15 working days in advance of the date of the hearing.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 401.17 of the Revenue and Taxation Code*
2 *is amended to read:*

3 401.17. (a) For the 2005–06 fiscal year to the ~~2016–17~~____
4 fiscal year, inclusive, it shall be rebuttably presumed that the
5 preallocated fair market value of each make, model, and series of
6 mainline jets, production freighters, and regional aircraft that has
7 attained situs within this state is the lesser of the sum total of the
8 amounts determined under paragraph (1) or the sum total of the
9 amounts determined under paragraph (2). The value of an
10 individual aircraft assessed to the original owner of that aircraft
11 shall not exceed its original cost from the manufacturer. The
12 preallocated fair market value of an aircraft may be rebutted by
13 evidence including, but not limited to, appraisals, invoices, and
14 expert testimony.

15 (1) (A) The original cost for the aircraft, which shall be
16 determined as follows and adjusted, as applicable, under
17 subparagraphs (B), (C), and (D):

18 (i) For owned and leased aircraft, the taxpayer's or lessor's
19 acquisition cost for that individual aircraft reported in accordance
20 with generally accepted accounting principles, and to the extent
21 not included in the acquisition cost, transportation costs and
22 capitalized interest and the cost of improvements made before a
23 transaction described in clause (ii). If the original cost for leased
24 aircraft cannot be determined from information reasonably
25 available to the taxpayer, original cost may be determined by
26 reference to the "average new prices" column of the Airliner Price
27 Guide for that model, series, and year of manufacture of aircraft.
28 If information is not available in the "average new prices" column
29 for that model, series, and year, the original cost may be determined
30 using the best indicator of original cost plus all conversion costs
31 and improvement costs incurred for that aircraft.

32 (ii) For sale/leaseback or assignment of purchase rights
33 transaction aircraft, the average of the taxpayer's cost established

1 pursuant to clause (i) and the cost established in a sale/leaseback
2 or assignment of purchase rights transaction for individual aircraft
3 that transfers the benefits and burdens of ownership to the lessor
4 for United States federal income tax purposes. In no event shall
5 the original cost for sale/leaseback aircraft be less than the
6 taxpayer's acquisition cost.

7 (iii) In the event of a merger, bankruptcy, or change in
8 accounting methods by the reporting airline, there shall be a
9 rebuttable presumption that the cost of the individual aircraft and
10 the acquisition date reported by the acquired company, if available,
11 or the cost reported prior to the change in accounting method, are
12 the original cost and the applicable acquisition date.

13 (B) (i) For mainline jets and production freighters, the original
14 cost described in subparagraph (A), plus the cost of any
15 improvements not otherwise included in the original cost, shall be
16 adjusted from the date of the acquisition of the aircraft to the lien
17 date using the monthly United States Department of Labor
18 Producer Price Index for aircraft and a 20-year straight-line
19 percent-good table starting from the delivery date of the aircraft
20 to the current owner or, in the case of a sale/leaseback or
21 assignment of purchase rights transaction, as described in this
22 section, the current operator with a minimum combined factor of
23 25 percent.

24 (ii) For regional aircraft, the original cost described in
25 subparagraph (A), plus the cost of any improvements not otherwise
26 included in the original cost, shall be adjusted from the date of the
27 acquisition of the aircraft to the lien date using the monthly United
28 States Department of Labor Producer Price Index for aircraft and
29 a 16-year straight-line percent-good table starting from the delivery
30 date of the aircraft to the current owner or, in the case of a
31 sale/leaseback or assignment of purchase rights transaction, as
32 described in this section, the current operator with a minimum
33 combined factor of 25 percent.

34 (iii) If original cost is determined by reference to the Airliner
35 Price Guide "average new prices" column, the adjustments required
36 by this paragraph shall be made by setting the acquisition date of
37 the aircraft to be the date of the aircraft's manufacture.

38 (C) (i) For mainline jets and regional aircraft, the assessor shall
39 analyze the adjusted original cost derived pursuant to subparagraph

(B), for application of an economic obsolescence allowance which shall be determined as follows:

(I) For the applicable year, the assessor shall calculate the average annual net revenue per available seat mile, the net load factor, and the yield utilizing the Airline Quarterly Financial Review published by the United States Department of Transportation, and referring to the section descriptive of the passenger airline industry, entitled “System Operations, System Pax. Majors” for the calendar year ending December 31 immediately preceding the applicable assessment date.

(II) For a 10-year benchmark, the assessor shall calculate as of December 31 for each of the 10 calendar years preceding the applicable year, the average annual net revenue per available seat mile, the net load factor, and the yield utilizing the Airline Quarterly Financial Review published by the United States Department of Transportation, and referring to the section descriptive of the passenger airline industry, entitled “System Operations, System Pax. Majors” for the calendar year ending December 31 immediately preceding the applicable assessment date.

(ii) (I) The assessor shall compare each factor calculated under subclause (I) of clause (i) with the corresponding factor calculated under subclause (II) of clause (i) to derive the percentage that each of the factors calculated under subclause (I) of clause (i) deviated from the 10-year benchmark calculated under subclause (II) of clause (i). The assessor shall then calculate a weighted average of the indicated percentage adjustments, weighted as follows:

~~(aa)~~

~~(ia)~~ Net revenue per available seat mile shall be weighted 35 percent.

~~(ab)~~

~~(ib)~~ Net load factor shall be weighted 35 percent.

~~(ae)~~

~~(ic)~~ Yield shall be weighted 30 percent.

(II) The assessor shall reduce the adjusted original costs derived under subparagraph (B) by the percentage adjustment calculated in subclause (I), but only if the final economic obsolescence determined under that subclause exceeds 10 percent, otherwise no economic obsolescence allowance shall be provided.

(D) (i) For production freighters, the assessor shall analyze the adjusted original cost derived under subparagraph (B), for application of an economic obsolescence allowance, as follows:

(I) For the applicable year, the assessor shall calculate the industry average of net revenue per available ton mile and the ton load factor based upon the Airline Quarterly Financial Review published by the United States Department of Transportation, and referring to the section descriptive of the cargo airline industry, entitled “System Operations, System Cargo Majors” for the calendar year ending December 31 preceding the relevant assessment date.

(II) For a 10-year benchmark, the assessor shall calculate as of December 31 for each of the 10 calendar years preceding the applicable year, the net revenue per available ton mile and the ton load factor utilizing the Airline Quarterly Financial Review published by the United States Department of Transportation and referring to the section descriptive of the cargo airline industry, entitled “System Operations, System Cargo Majors” as of December 31 for each of the 10 calendar years preceding the calendar year utilized for the subject year, for the calendar year ending December 31 immediately preceding the applicable assessment date.

(ii) (I) The assessor shall compare each factor calculated under subclause (I) of clause (i) with the corresponding factor calculated under subclause (II) of clause (i) to derive the percentage that each of the factors calculated under subclause (I) of clause (i) deviated from the 10-year benchmark calculated under subclause (II) of clause (i). The assessor shall then calculate a weighted average of the indicated percentage adjustments so that the net revenue per available ton mile is weighted 50 percent and the ton load factor is weighted 50 percent.

(II) The assessor shall reduce the adjusted original costs derived under subparagraph (B) by the percentage adjustment calculated in subclause (I), but only if the final economic obsolescence determined under that subclause exceeds 10 percent, otherwise no economic obsolescence allowance shall be provided.

(2) (A) Except as otherwise provided in subparagraph (B), for each individual mainline jet, production freighter, or regional aircraft, the assessor shall identify the value referenced in the “Used Price of Avg. Acft. Wholesale” column of the Winter edition of

1 the Airliner Price Guide by make, model, series, and year of
2 manufacture, and deduct 10 percent from that value for a fleet
3 discount.

4 (B) For each individual mainline jet, production freighter, or
5 regional aircraft that is less than two years old and for which the
6 Airliner Price Guide does not list used wholesale values, the
7 original cost determined under paragraph (1) of subparagraph (A)
8 shall be decreased by the lesser of 5 percent or one-half of the
9 percentage decrease between original cost and 90 percent of the
10 value listed in the “Used Price of Avg. Acft. Wholesale” column
11 of the Winter edition of the Airliner Price Guide for a two-year-old
12 aircraft of that same make, model, and series.

13 (b) For the 2005–06 fiscal year to the ~~2016–17~~ ____ fiscal year,
14 inclusive, it shall be rebuttably presumed that the preallocated fair
15 market value for each make, model, and series of converted
16 freighters that has attained situs within this state is the amount that
17 is determined as follows:

18 (1) (A) The assessor shall begin his or her appraisal of a
19 converted freighter as of the relevant lien date by identifying the
20 aircraft’s original cost as a passenger aircraft prior to conversion.
21 The aircraft’s original cost as a converted freighter shall be the
22 lesser of:

23 (i) Its trended original cost as a passenger aircraft prior to
24 conversion, less a downward adjustment of 10 percent to reflect
25 tear-outs.

26 (ii) Its value described in the Winter edition of the Airliner Price
27 Guide in the “Used Price of Avg. Acft. Wholesale” column in
28 passenger configuration, less a downward adjustment of 10 percent
29 to reflect tear-outs.

30 (B) The amount determined under subparagraph (A) shall be
31 adjusted according to the following:

32 (i) If, on the relevant lien date, the frame of the aircraft is 15
33 years old or more, 50 percent of the cost to convert the aircraft to
34 a freighter shall be added to the value determined under
35 subparagraph (A).

36 (ii) If, on the relevant lien date, the frame of the aircraft is less
37 than 15 years old, 75 percent of the cost to convert the aircraft to
38 a freighter shall be added to the value determined under
39 subparagraph (A).

(iii) In addition, all other improvements, including capitalized interest, to the aircraft that are not otherwise included in the aircraft's original and conversion costs shall be added at full value.

(2) The amount determined under paragraph (1) shall be adjusted from the date of the conversion of the aircraft to the lien date using the monthly United States Department of Labor Producer Price Index for aircraft and a 16-year straight-line percent-good table, however, the percent-good applied to the aircraft shall in no event be less than 15 percent.

(3) If the Airliner Price Guide "Used Price of Avg. Acft. Wholesale" is utilized under paragraph (1), only the improvements and adjusted conversion costs pertaining to the converted freighter shall be adjusted from the date of the conversion of the aircraft to the relevant lien date using the monthly United States Department of Labor Producer Price Index for aircraft and a 16-year straight-line percent-good table. In no event, however, shall the percent-good applied to the improvements and adjusted conversion costs be less than 15 percent.

(4) (A) Except as otherwise provided in subparagraph (B), the assessor shall reduce the adjusted original cost, plus improvements, and adjusted conversion costs, derived under paragraphs (1) to (3), inclusive, by the obsolescence percentage adjustment calculated for production freighters under subparagraph (D) of paragraph (1) of subdivision (a).

(B) If the Airliner Price Guide "Used Price of Avg. Acft. Wholesale" is utilized under paragraph (1), only the improvements and adjusted conversion costs pertaining to the converted freighter shall be reduced by the obsolescence percentage adjustment described in subparagraph (A).

(c) For purposes of this section, if the Airliner Price Guide ceases to be published or the format significantly changes, a guide or adjustment agreed to by commercial air carriers and the counties in which certificated aircraft have situs shall be substituted. If these parties do not agree on a guide or adjustment, the State Board of Equalization shall determine the guide or adjustment.

(d) The taxpayer shall, to the extent that information is reasonably available to the taxpayer, furnish the county assessor with an annual property statement that includes the aircraft original costs as defined in subparagraph (A) of paragraph (1) of subdivision (a). If an air carrier that has this information reasonably

1 available to it fails to report original cost and improvements, as
2 required by Sections 441 and 442, an assessor may in that case
3 make an appropriate assessment pursuant to Section 501.

4 (e) For purposes of this section, all of the following apply:

5 (1) “Converted freighter” means a certificated aircraft, as defined
6 in Section 1150, that, following its original manufacture, was used
7 for passenger transportation, but was later converted to be used
8 primarily for cargo transportation purposes.

9 (2) “Mainline jet” means a certificated aircraft, as defined in
10 Section 1150, that is either of the following:

11 (A) Manufactured by Boeing, Airbus, or McDonnell Douglas.

12 (B) Capable of being configured with approximately 100 seats
13 or more.

14 (3) “Production Freighter” means a certificated aircraft, as
15 defined in Section 1150, that immediately following its
16 manufacture is deployed primarily for cargo transportation
17 purposes.

18 (4) “Regional aircraft” means a certificated aircraft, as defined
19 in Section 1150, that is either of the following:

20 (A) Manufactured by ATR (Avions De Transport Regional),
21 Beech, British Aerospace Jetstream, Canadair Regional Jet, Cessna,
22 DeHaviland, Embraer, Fairchild, or Saab.

23 (B) Generally configured with fewer than 100 seats.

24 (5) “Improvements” means the cost of any modifications or
25 capital additions that materially add to the value of or substantially
26 prolong the useful life of the aircraft, or make it adaptable to a
27 different use. “Improvements” include modification costs incurred
28 during a heavy maintenance visit to the extent that they materially
29 add to the value of or substantially prolong the useful life of the
30 aircraft. “Improvements” do not include repair and maintenance
31 costs incurred for the purpose of keeping the aircraft in an
32 ordinarily efficient operating condition.

33 (6) “Net revenue per available seat mile” means operating
34 revenue per available seat mile less cost per available seat mile as
35 determined by the United States Department of Transportation.

36 (7) “Net load factor” means actual passenger load factor less
37 break-even passenger load factor, as determined by the United
38 States Department of Transportation.

1 (8) “Net revenue per available ton mile” means operating
2 revenue per ton mile less cost per available ton mile as determined
3 by the United States Department of Transportation.

4 (9) “Yield” means average revenue per revenue passenger mile
5 as determined by the United States Department of Transportation.

6 (10) “Ton Load Factor” means that percentage of effective use
7 of cargo capacity as determined by the United States Department
8 of Transportation.

9 (f) The amendments made by the act adding this subdivision
10 shall apply with respect to lien dates occurring on and after January
11 1, 2011.

12 *SEC. 2. Section 441 of the Revenue and Taxation Code is*
13 *amended to read:*

14 441. (a) Each person owning taxable personal property, other
15 than a manufactured home subject to Part 13 (commencing with
16 Section 5800), having an aggregate cost of one hundred thousand
17 dollars (\$100,000) or more for any assessment year shall file a
18 signed property statement with the assessor. Every person owning
19 personal property that does not require the filing of a property
20 statement or real property shall, upon request of the assessor, file
21 a signed property statement. Failure of the assessor to request or
22 secure the property statement does not render any assessment
23 invalid.

24 (b) The property statement shall be declared to be true under
25 the penalty of perjury and filed annually with the assessor between
26 the lien date and 5 p.m. on April 1. The penalty provided by Section
27 463 applies for property statements not filed by May 7. If May 7
28 falls on a Saturday, Sunday, or legal holiday, a property statement
29 that is mailed and postmarked on the next business day shall be
30 deemed to have been filed between the lien date and 5 p.m. on
31 May 7. If, on the dates specified in this subdivision, the county’s
32 offices are closed for the entire day, that day is considered a legal
33 holiday for purposes of this section.

34 (c) The property statement may be filed with the assessor
35 through the United States mail, properly addressed with postage
36 prepaid. For purposes of determining the date upon which the
37 property statement is deemed filed with the assessor, the date of
38 postmark as affixed by the United States Postal Service, or the
39 date certified by a bona fide private courier service on the envelope
40 containing the application, shall control. This subdivision shall be

1 applicable to every taxing agency, including, but not limited to, a
2 chartered city and county, or chartered city.

3 (d) (1) At any time, as required by the assessor for assessment
4 purposes, every person shall make available for examination
5 information or records regarding his or her property or any other
6 personal property located on premises he or she owns or controls.
7 In this connection details of property acquisition transactions,
8 construction and development costs, rental income, and other data
9 relevant to the determination of an estimate of value are to be
10 considered as information essential to the proper discharge of the
11 assessor's duties.

12 (2) (A) This subdivision shall also apply to an owner-builder
13 or an owner-developer of new construction that is sold to a third
14 party, is constructed on behalf of a third party, or is constructed
15 for the purpose of selling that property to a third party.

16 (B) The owner-builder or owner-developer of new construction
17 described in subparagraph (A), shall, within 45 days of receipt of
18 a written request by the assessor for information or records, provide
19 the assessor with all information and records regarding that
20 property. The information and records provided to the assessor
21 shall include the total consideration provided either by the
22 purchaser or on behalf of the purchaser that was paid or provided
23 either, as part of or outside of the purchase agreement, including,
24 but not limited to, consideration paid or provided for the purchase
25 or acquisition of upgrades, additions, or for any other additional
26 or supplemental work performed or arranged for by the
27 owner-builder or owner-developer on behalf of the purchaser.

28 (e) In the case of a corporate owner of property, the property
29 statement shall be signed either by an officer of the corporation or
30 an employee or agent who has been designated in writing by the
31 board of directors to sign the statements on behalf of the
32 corporation.

33 (f) In the case of property owned by a bank or other financial
34 institution and leased to an entity other than a bank or other
35 financial institution, the property statement shall be submitted by
36 the owner bank or other financial institution.

37 (g) The assessor may refuse to accept any property statement
38 he or she determines to be in error.

39 (h) If a taxpayer fails to provide information to the assessor
40 pursuant to subdivision (d) and introduces any requested materials

1 or information at any assessment appeals board hearing, the
2 assessor may request and shall be granted a continuance for a
3 reasonable period of time. The continuance shall extend the
4 two-year period specified in subdivision (c) of Section 1604 for a
5 period of time equal to the period of the continuance.

6 (i) Notwithstanding any other provision of law, every person
7 required to file a property statement pursuant to this section shall
8 be permitted to amend that property statement until May 31 of the
9 year in which the property statement is due, for errors and
10 omissions not the result of willful intent to erroneously report. The
11 penalty authorized by Section 463 does not apply to an amended
12 statement received prior to May 31, provided the original statement
13 is not subject to penalty pursuant to subdivision (b). The amended
14 property statement shall otherwise conform to the requirements
15 of a property statement as provided in this article.

16 (j) This subdivision shall apply to the oil, gas, and mineral
17 extraction industry only. Any information that is necessary to file
18 a true, correct, and complete statement shall be made available by
19 the assessor, upon request, to the taxpayer by mail or at the office
20 of the assessor by February 28. For each business day beyond
21 February 28 that the information is unavailable, the filing deadline
22 in subdivision (b) shall be extended in that county by one business
23 day, for those statements affected by the delay. In no case shall
24 the filing deadline be extended beyond June 1 or the first business
25 day thereafter.

26 (k) The assessor may accept the filing of a property statement
27 by the use of electronic media. In lieu of the signature required by
28 subdivision (a) and the declaration under penalty of perjury
29 required by subdivision (b), property statements filed using
30 electronic media shall be authenticated pursuant to methods
31 specified by the assessor and approved by the board. Electronic
32 media includes, but is not limited to, computer modem, magnetic
33 media, optical disk, and facsimile machine.

34 (l) (1) After receiving the notice required by Section 1162, the
35 manager in control of a fleet of fractionally owned aircraft shall
36 file with the lead county assessor's office one signed property
37 statement for all of its aircraft that have acquired situs in the state,
38 as described in Section 1161.

39 (2) Flight data required to compute fractionally owned aircraft
40 allocation under Section 1161 shall be segregated by airport.

(m) (1) After receiving the notice required by paragraph (5) of subdivision (b) of Section 1153.5, a commercial air carrier whose certificated aircraft is subject to Article 6 (commencing with Section 1150) of Chapter 5 shall file with the lead county assessor's office designated under Section 1153.5 one signed property statement for its personal property at all airport locations and fixtures at all airport locations.

(2) Each commercial air carrier may file one schedule for all of its certificated aircraft that have acquired situs in this state under Section 1151.

(3) Flight data required to compute certificated aircraft allocation under Section 1152 and subdivision (g) of Section 202 of Title 18 of the California Code of Regulations shall be segregated by airport location.

(4) Beginning with the 2006 assessment year, a commercial air carrier may file a statement described in this subdivision electronically by means of the California Assessor's Standard Data Record (SDR) network. If the SDR is not equipped to accept electronic filings for the 2006 assessment year, an air carrier may file a printed version of its property statement for that year with its lead county assessor's office.

(5) This subdivision shall remain operative only until December 31, 2016. ____.

SEC. 3. Section 1153.5 of the Revenue and Taxation Code is amended to read:

1153.5. (a) The Aircraft Advisory Subcommittee of the California Assessors' Association shall, after soliciting input from commercial air carriers operating in the state, do both of the following:

(1) On or before March 1, 2006, and on or before each March 1 thereafter, designate a lead county assessor's office for each commercial air carrier operating certificated aircraft in this state in that assessment year.

(2) Every third year thereafter, redesignate a lead county assessor's office for each of these air carriers, unless an air carrier and its existing lead county assessor's office concur to waive this redesignation.

(b) The lead county assessor's office described in subdivision (a) shall do all of the following:

1 (1) Calculate, pursuant to Section 401.17, an unallocated value
2 of the certificated aircraft of each commercial air carrier to which
3 he or she is designated.

4 (2) Electronically transmit to the assessor of each county in
5 which the property described in paragraph (1) has situs for the
6 assessment year the values determined by the lead county
7 assessor's office under paragraph (1).

8 (3) Receive the property statement, as described in subdivision
9 ~~(f)~~ (m) of Section 441, of each commercial air carrier to which he
10 or she is designated.

11 (4) Lead the audit team described in subdivision (d) when that
12 team is conducting an audit of a commercial air carrier to which
13 he or she is designated.

14 (5) Notify, in writing, each commercial air carrier for which he
15 or she has been designated of this designation on or before the first
16 March 15 that follows that designation.

17 (c) (1) Notwithstanding subdivision (b), the county assessor of
18 each county in which the personal property of a commercial air
19 carrier has situs for an assessment year is solely responsible for
20 assessing that property, applying the allocation formula set forth
21 in Section 1152, and enrolling the value of the property in that
22 county, but, in determining the unallocated fleet value for each
23 make, model, and series of certificated aircraft of a commercial
24 air carrier, the assessor may consult with the lead county assessor's
25 office designated for that commercial air carrier.

26 (2) The lead county assessor's office is subject to Section 322
27 of Title 18 of the California Code of Regulations and Sections
28 408, 451, and 1606 to the same extent as the assessor described in
29 paragraph (1).

30 (d) Notwithstanding Section 469, an audit of a commercial air
31 carrier shall be conducted once every four years on a centralized
32 basis by an audit team of auditor-appraisers from at least one, but
33 not more than three, counties, as determined by the Aircraft
34 Advisory Subcommittee of the California Assessors' Association.
35 An audit, so conducted, shall encompass all of the California
36 Personal Property and fixtures of the air carrier and is deemed to
37 be made on behalf of each county for which an audit would
38 otherwise be required under Section 469.

39 (e) This section shall remain in effect only until December 31,
40 2016, ____, and as of that date is repealed.

1 *SEC. 4. Section 5170 of the Revenue and Taxation Code is*
2 *amended to read:*

3 5170. (a) In suits for the refund of state-assessed property
4 ~~taxes, taxes and locally assessed property taxes on property valued~~
5 *under Section 1153.5 or a successor section*, the trial court shall
6 not be restricted to the administrative record, but shall consider
7 all evidence relating to the valuation of the property admissible
8 under the rules of evidence. The court shall base its decision upon
9 the preponderance of the evidence before it.

10 (b) *This section shall remain in effect only until December 31,*
11 *____, and as of that date is repealed.*

12 *SEC. 5. Section 5170 is added to the Revenue and Taxation*
13 *Code, to read:*

14 5170. (a) In suits for the refund of state-assessed property
15 ~~taxes, the trial court shall not be restricted to the administrative~~
16 ~~record, but shall consider all evidence relating to the valuation of~~
17 ~~the property admissible under the rules of evidence. The court~~
18 ~~shall base its decision upon the preponderance of the evidence~~
19 ~~before it.~~

20 (b) *This section shall become operative on January 1, ____.*

21 *SEC. 6. If the Commission on State Mandates determines that*
22 ~~this act contains costs mandated by the state, reimbursement to~~
23 ~~local agencies and school districts for those costs shall be made~~
24 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~
25 ~~4 of Title 2 of the Government Code.~~

26 ~~SECTION 1. Section 742 of the Revenue and Taxation Code~~
27 ~~is amended to read:~~

28 ~~742. Upon receipt of a timely petition for reassessment, the~~
29 ~~board shall set a time and place within the state for hearing on the~~
30 ~~petition. Notice of the time and place of the hearing shall be mailed~~
31 ~~and, if requested by the assessee, electronically mailed to the~~
32 ~~assessee at its address, electronic mail address, or both, as shown~~
33 ~~in the records of the board, not less than 15 working days in~~
34 ~~advance of the date of the hearing.~~

35 ~~SEC. 2. Section 744 of the Revenue and Taxation Code is~~
36 ~~amended to read:~~

37 ~~744. (a) The board shall notify the petitioner of its decision~~
38 ~~on a petition for reassessment by mail and, if requested by the~~
39 ~~assessee, by electronic mail and shall make written findings and~~
40 ~~conclusions if requested at or prior to the commencement of the~~

1 hearing. The board shall send a periodic report of its decisions and
2 any written findings and conclusions thereon to each county in
3 which affected state-assessed property is situated. The findings
4 shall fairly disclose the board's determination of material factual
5 issues and shall contain a statement of the method or methods of
6 valuation used by the board in valuing the property.
7 Notwithstanding the requirement for a statement of method or
8 methods, the board's approval of a settlement of a lawsuit
9 contesting the value of state-assessed property shall be sufficient
10 disclosure when value is determined in accordance with a
11 board-approved settlement. Decisions of the board on petitions for
12 reassessment of state-assessed property shall be completed on or
13 before December 31.

14 (b) When the value of an assessee's state-assessed property is
15 determined, after a hearing on a petition for reassessment, to be
16 different from the value originally adopted by the board, the board
17 shall determine the year in which the corrected value is to be
18 entered on the roll. The correct value may be entered on the roll
19 for the fiscal year in which the determination is made, or the
20 difference between the original and the corrected value may be
21 entered as an increase or decrease in the assessment for the
22 succeeding fiscal year. If the corrected value is entered on the roll
23 for the fiscal year in which it is determined, and the board roll has
24 been transmitted to the county auditors, the board shall make the
25 corresponding changes in allocations and transmit the roll
26 corrections to the county auditor.

27 (c) If the amount of the correction is to be entered on the roll
28 for the succeeding fiscal year, an amount is to be added in lieu of
29 interest. If the correction results in a reduction in assessed value,
30 there shall be added to the reduction, in lieu of interest, 9 percent
31 of the difference between the original assessed value and the
32 reduced assessed value. If the correction results in an increase in
33 assessed value, there shall be added to the increase, in lieu of
34 interest, 9 percent of the difference between the original assessed
35 value and the increased assessed value.