

AMENDED IN SENATE APRIL 14, 2016  
AMENDED IN SENATE MARCH 28, 2016

**SENATE BILL**

**No. 1329**

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**Introduced by Senator Hertzberg**

February 19, 2016

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An act to amend Sections 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 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~~ *the 2021–22 fiscal year* and the December 31, 2016, inoperative or repeal date to ~~an unspecified date, December 31, 2021,~~ 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, January 1, 2022,~~ 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.

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

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

- 1 SECTION 1. Section 401.17 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 401.17. (a) For the 2005–06 fiscal year to the        2021–22
- 4 fiscal year, inclusive, it shall be rebuttably presumed that the
- 5 preallocated fair market value of each make, model, and series of

1 mainline jets, production freighters, and regional aircraft that has  
2 attained situs within this state is the lesser of the sum total of the  
3 amounts determined under paragraph (1) or the sum total of the  
4 amounts determined under paragraph (2). The value of an  
5 individual aircraft assessed to the original owner of that aircraft  
6 shall not exceed its original cost from the manufacturer. The  
7 preallocated fair market value of an aircraft may be rebutted by  
8 evidence including, but not limited to, appraisals, invoices, and  
9 expert testimony.

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

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

27 (ii) For sale/leaseback or assignment of purchase rights  
28 transaction aircraft, the average of the taxpayer's cost established  
29 pursuant to clause (i) and the cost established in a sale/leaseback  
30 or assignment of purchase rights transaction for individual aircraft  
31 that transfers the benefits and burdens of ownership to the lessor  
32 for United States federal income tax purposes. In no event shall  
33 the original cost for sale/leaseback aircraft be less than the  
34 taxpayer's acquisition cost.

35 (iii) In the event of a merger, bankruptcy, or change in  
36 accounting methods by the reporting airline, there shall be a  
37 rebuttable presumption that the cost of the individual aircraft and  
38 the acquisition date reported by the acquired company, if available,  
39 or the cost reported prior to the change in accounting method, are  
40 the original cost and the applicable acquisition date.

1 (B) (i) For mainline jets and production freighters, the original  
2 cost described in subparagraph (A), plus the cost of any  
3 improvements not otherwise included in the original cost, shall be  
4 adjusted from the date of the acquisition of the aircraft to the lien  
5 date using the monthly United States Department of Labor  
6 Producer Price Index for aircraft and a 20-year straight-line  
7 percent-good table starting from the delivery date of the aircraft  
8 to the current owner or, in the case of a sale/leaseback or  
9 assignment of purchase rights transaction, as described in this  
10 section, the current operator with a minimum combined factor of  
11 25 percent.

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

22 (iii) If original cost is determined by reference to the Airliner  
23 Price Guide “average new prices” column, the adjustments required  
24 by this paragraph shall be made by setting the acquisition date of  
25 the aircraft to be the date of the aircraft’s manufacture.

26 (C) (i) For mainline jets and regional aircraft, the assessor shall  
27 analyze the adjusted original cost derived pursuant to subparagraph  
28 (B), for application of an economic obsolescence allowance which  
29 shall be determined as follows:

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

38 (II) For a 10-year benchmark, the assessor shall calculate as of  
39 December 31 for each of the 10 calendar years preceding the  
40 applicable year, the average annual net revenue per available seat

1 mile, the net load factor, and the yield utilizing the Airline  
2 Quarterly Financial Review published by the United States  
3 Department of Transportation, and referring to the section  
4 descriptive of the passenger airline industry, entitled “System  
5 Operations, System Pax. Majors” for the calendar year ending  
6 December 31 immediately preceding the applicable assessment  
7 date.

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

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

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

18 (ic) Yield shall be weighted 30 percent.

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

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

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

35 (II) For a 10-year benchmark, the assessor shall calculate as of  
36 December 31 for each of the 10 calendar years preceding the  
37 applicable year, the net revenue per available ton mile and the ton  
38 load factor utilizing the Airline Quarterly Financial Review  
39 published by the United States Department of Transportation and  
40 referring to the section descriptive of the cargo airline industry,

1 entitled “System Operations, System Cargo Majors” as of  
2 December 31 for each of the 10 calendar years preceding the  
3 calendar year utilized for the subject year, for the calendar year  
4 ending December 31 immediately preceding the applicable  
5 assessment date.

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

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

20 (2) (A) Except as otherwise provided in subparagraph (B), for  
21 each individual mainline jet, production freighter, or regional  
22 aircraft, the assessor shall identify the value referenced in the “Used  
23 Price of Avg. Acft. Wholesale” column of the Winter edition of  
24 the Airliner Price Guide by make, model, series, and year of  
25 manufacture, and deduct 10 percent from that value for a fleet  
26 discount.

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

36 (b) For the 2005–06 fiscal year to the ~~\_\_\_\_\_~~ 2021–22 fiscal year,  
37 inclusive, it shall be rebuttably presumed that the preallocated fair  
38 market value for each make, model, and series of converted  
39 freighters that has attained situs within this state is the amount that  
40 is determined as follows:

1 (1) (A) The assessor shall begin his or her appraisal of a  
2 converted freighter as of the relevant lien date by identifying the  
3 aircraft's original cost as a passenger aircraft prior to conversion.  
4 The aircraft's original cost as a converted freighter shall be the  
5 lesser of:

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

9 (ii) Its value described in the Winter edition of the Airliner Price  
10 Guide in the "Used Price of Avg. Acft. Wholesale" column in  
11 passenger configuration, less a downward adjustment of 10 percent  
12 to reflect tear-outs.

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

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

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

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

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

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

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

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

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

18 (d) The taxpayer shall, to the extent that information is  
19 reasonably available to the taxpayer, furnish the county assessor  
20 with an annual property statement that includes the aircraft original  
21 costs as defined in subparagraph (A) of paragraph (1) of  
22 subdivision (a). If an air carrier that has this information reasonably  
23 available to it fails to report original cost and improvements, as  
24 required by Sections 441 and 442, an assessor may in that case  
25 make an appropriate assessment pursuant to Section 501.

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

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

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

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

34 (B) Capable of being configured with approximately 100 seats  
35 or more.

36 (3) “Production Freighter” means a certificated aircraft, as  
37 defined in Section 1150, that immediately following its  
38 manufacture is deployed primarily for cargo transportation  
39 purposes.



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

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

(B) Generally configured with fewer than 100 seats.

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

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

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

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

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

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

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

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

441. (a) Each person owning taxable personal property, other than a manufactured home subject to Part 13 (commencing with Section 5800), having an aggregate cost of one hundred thousand dollars (\$100,000) or more for any assessment year shall file a signed property statement with the assessor. Every person owning personal property that does not require the filing of a property

1 statement or real property shall, upon request of the assessor, file  
2 a signed property statement. Failure of the assessor to request or  
3 secure the property statement does not render any assessment  
4 invalid.

5 (b) The property statement shall be declared to be true under  
6 the penalty of perjury and filed annually with the assessor between  
7 the lien date and 5 p.m. on April 1. The penalty provided by Section  
8 463 applies for property statements not filed by May 7. If May 7  
9 falls on a Saturday, Sunday, or legal holiday, a property statement  
10 that is mailed and postmarked on the next business day shall be  
11 deemed to have been filed between the lien date and 5 p.m. on  
12 May 7. If, on the dates specified in this subdivision, the county's  
13 offices are closed for the entire day, that day is considered a legal  
14 holiday for purposes of this section.

15 (c) The property statement may be filed with the assessor  
16 through the United States mail, properly addressed with postage  
17 prepaid. For purposes of determining the date upon which the  
18 property statement is deemed filed with the assessor, the date of  
19 postmark as affixed by the United States Postal Service, or the  
20 date certified by a bona fide private courier service on the envelope  
21 containing the application, shall control. This subdivision shall be  
22 applicable to every taxing agency, including, but not limited to, a  
23 chartered city and county, or chartered city.

24 (d) (1) At any time, as required by the assessor for assessment  
25 purposes, every person shall make available for examination  
26 information or records regarding his or her property or any other  
27 personal property located on premises he or she owns or controls.  
28 In this connection details of property acquisition transactions,  
29 construction and development costs, rental income, and other data  
30 relevant to the determination of an estimate of value are to be  
31 considered as information essential to the proper discharge of the  
32 assessor's duties.

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

37 (B) The owner-builder or owner-developer of new construction  
38 described in subparagraph (A), shall, within 45 days of receipt of  
39 a written request by the assessor for information or records, provide  
40 the assessor with all information and records regarding that

1 property. The information and records provided to the assessor  
2 shall include the total consideration provided either by the  
3 purchaser or on behalf of the purchaser that was paid or provided  
4 either, as part of or outside of the purchase agreement, including,  
5 but not limited to, consideration paid or provided for the purchase  
6 or acquisition of upgrades, additions, or for any other additional  
7 or supplemental work performed or arranged for by the  
8 owner-builder or owner-developer on behalf of the purchaser.

9 (e) In the case of a corporate owner of property, the property  
10 statement shall be signed either by an officer of the corporation or  
11 an employee or agent who has been designated in writing by the  
12 board of directors to sign the statements on behalf of the  
13 corporation.

14 (f) In the case of property owned by a bank or other financial  
15 institution and leased to an entity other than a bank or other  
16 financial institution, the property statement shall be submitted by  
17 the owner bank or other financial institution.

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

20 (h) If a taxpayer fails to provide information to the assessor  
21 pursuant to subdivision (d) and introduces any requested materials  
22 or information at any assessment appeals board hearing, the  
23 assessor may request and shall be granted a continuance for a  
24 reasonable period of time. The continuance shall extend the  
25 two-year period specified in subdivision (c) of Section 1604 for a  
26 period of time equal to the period of the continuance.

27 (i) Notwithstanding any other provision of law, every person  
28 required to file a property statement pursuant to this section shall  
29 be permitted to amend that property statement until May 31 of the  
30 year in which the property statement is due, for errors and  
31 omissions not the result of willful intent to erroneously report. The  
32 penalty authorized by Section 463 does not apply to an amended  
33 statement received prior to May 31, provided the original statement  
34 is not subject to penalty pursuant to subdivision (b). The amended  
35 property statement shall otherwise conform to the requirements  
36 of a property statement as provided in this article.

37 (j) This subdivision shall apply to the oil, gas, and mineral  
38 extraction industry only. Any information that is necessary to file  
39 a true, correct, and complete statement shall be made available by  
40 the assessor, upon request, to the taxpayer by mail or at the office

1 of the assessor by February 28. For each business day beyond  
2 February 28 that the information is unavailable, the filing deadline  
3 in subdivision (b) shall be extended in that county by one business  
4 day, for those statements affected by the delay. In no case shall  
5 the filing deadline be extended beyond June 1 or the first business  
6 day thereafter.

7 (k) The assessor may accept the filing of a property statement  
8 by the use of electronic media. In lieu of the signature required by  
9 subdivision (a) and the declaration under penalty of perjury  
10 required by subdivision (b), property statements filed using  
11 electronic media shall be authenticated pursuant to methods  
12 specified by the assessor and approved by the board. Electronic  
13 media includes, but is not limited to, computer modem, magnetic  
14 media, optical disk, and facsimile machine.

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

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

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

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

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

36 (4) Beginning with the 2006 assessment year, a commercial air  
37 carrier may file a statement described in this subdivision  
38 electronically by means of the California Assessor's Standard Data  
39 Record (SDR) network. If the SDR is not equipped to accept  
40 electronic filings for the 2006 assessment year, an air carrier may

1 file a printed version of its property statement for that year with  
2 its lead county assessor's office.

3 (5) This subdivision shall remain operative only until December  
4 31,       . 2021.

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

7 1153.5. (a) The Aircraft Advisory Subcommittee of the  
8 California Assessors' Association shall, after soliciting input from  
9 commercial air carriers operating in the state, do both of the  
10 following:

11 (1) On or before March 1, 2006, and on or before each March  
12 1 thereafter, designate a lead county assessor's office for each  
13 commercial air carrier operating certificated aircraft in this state  
14 in that assessment year.

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

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

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

24 (2) Electronically transmit to the assessor of each county in  
25 which the property described in paragraph (1) has situs for the  
26 assessment year the values determined by the lead county  
27 assessor's office under paragraph (1).

28 (3) Receive the property statement, as described in subdivision  
29 (m) of Section 441, of each commercial air carrier to which he or  
30 she is designated.

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

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

37 (c) (1) Notwithstanding subdivision (b), the county assessor of  
38 each county in which the personal property of a commercial air  
39 carrier has situs for an assessment year is solely responsible for  
40 assessing that property, applying the allocation formula set forth

1 in Section 1152, and enrolling the value of the property in that  
2 county, but, in determining the unallocated fleet value for each  
3 make, model, and series of certificated aircraft of a commercial  
4 air carrier, the assessor may consult with the lead county assessor's  
5 office designated for that commercial air carrier.

6 (2) The lead county assessor's office is subject to Section 322  
7 of Title 18 of the California Code of Regulations and Sections  
8 408, 451, and 1606 to the same extent as the assessor described in  
9 paragraph (1).

10 (d) Notwithstanding Section 469, an audit of a commercial air  
11 carrier shall be conducted once every four years on a centralized  
12 basis by an audit team of auditor-appraisers from at least one, but  
13 not more than three, counties, as determined by the Aircraft  
14 Advisory Subcommittee of the California Assessors' Association.  
15 An audit, so conducted, shall encompass all of the California  
16 Personal Property and fixtures of the air carrier and is deemed to  
17 be made on behalf of each county for which an audit would  
18 otherwise be required under Section 469.

19 (e) This section shall remain in effect only until December 31,  
20 ~~2021~~, and as of that date is repealed.

21 SEC. 4. Section 5170 of the Revenue and Taxation Code is  
22 amended to read:

23 5170. (a) In suits for the refund of state-assessed property  
24 taxes and locally assessed property taxes on property valued under  
25 Section 1153.5 or a successor section, the trial court shall not be  
26 restricted to the administrative record, but shall consider all  
27 evidence relating to the valuation of the property admissible under  
28 the rules of evidence. The court shall base its decision upon the  
29 preponderance of the evidence before it.

30 (b) This section shall remain in effect only until ~~December 31,~~  
31 ~~2021~~, *January 1, 2022*, and as of that date is repealed.

32 SEC. 5. Section 5170 is added to the Revenue and Taxation  
33 Code, to read:

34 5170. (a) In suits for the refund of state-assessed property  
35 taxes, the trial court shall not be restricted to the administrative  
36 record, but shall consider all evidence relating to the valuation of  
37 the property admissible under the rules of evidence. The court  
38 shall base its decision upon the preponderance of the evidence  
39 before it.

40 (b) This section shall become operative on January 1, ~~2021~~, *2022*.

1     SEC. 6. If the Commission on State Mandates determines that  
2     this act contains costs mandated by the state, reimbursement to  
3     local agencies and school districts for those costs shall be made  
4     pursuant to Part 7 (commencing with Section 17500) of Division  
5     4 of Title 2 of the Government Code.

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