

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1394

Introduced by Senator Hall

February 19, 2016

An act to amend ~~Section 6736 of~~ Sections 11292, 11293, and 11294 of, to repeal Section 11206 of, and to add Sections 11293.5 and 11295 to, the Revenue and Taxation Code, relating to ~~taxation~~. taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1394, as amended, Hall. ~~Sales and use taxes.~~ Private railroad car tax: valuation.

The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house. Under the Private Railroad Car Tax Law, the State Board of Equalization assesses and taxes private railroad cars operated upon railroads in this state. In making an assessment, the board is required to determine the average number of each class of private railroad cars physically present in the state in the calendar year immediately preceding the fiscal year in which the tax is imposed upon the basis of car days.

This bill would, commencing with the 2018–19 fiscal year and for each fiscal year thereafter, instead require the board, in making the assessment, to determine the physical presence of private railroad cars in the state in the calendar year immediately preceding the fiscal year in which the tax is imposed upon the basis of mileage. For assessments for the 2017–18 fiscal year, the bill would require the board to determine the physical presence of private railroad cars for the 2016

calendar year on the basis of both mileage and car days equally weighted.

Existing law also requires the board, in making the above assessment, to value the cars by class based on the owner's acquisition cost, less depreciation.

This bill would instead require the board, in making the assessment, to value the cars based on the owner's acquisition cost, including additions and betterments, less depreciation.

Existing law defines the term "class of private railroad cars" for purposes of the Private Railroad Car Tax Law.

This bill would delete the definition of the term "class of private railroad cars" and make various conforming changes.

This bill would take effect immediately as a tax levy.

~~Existing sales and use tax laws impose taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from those taxes. Existing law authorizes the State Board of Equalization to file a certificate relating to a person's unpaid sales and use tax, within 10 years after the amount is due, with the office of the Clerk of the Superior Court of Sacramento County or of any county in the state requesting judgment be entered.~~

~~This bill would make nonsubstantive changes to these provisions.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

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

- 1 SECTION 1. Section 11206 of the Revenue and Taxation Code
- 2 is repealed.
- 3 11206. "Class of private railroad cars" means the Association
- 4 of American Railroad's, or successor organization's, one letter
- 5 alpha component of its car type codes as contained in that
- 6 organization's Exhibit D of the UMLER specification manual or
- 7 successor exhibit.
- 8 SEC. 2. Section 11292 of the Revenue and Taxation Code is
- 9 amended to read:
- 10 11292. In making the assessment, the board shall value the
- 11 cars ~~by class~~ based on the owner's acquisition cost, *including*

1 *additions and betterments*, less depreciation. The depreciation
2 shall be computed for these enumerated Association of American
3 Railroad's, or successor organization's, car type groups on a
4 straight-line basis with the indicated depreciable life schedules
5 with a maximum of 80 percent depreciation allowed.

6 (a) Stack cars (alpha S): 22 years minus the age at acquisition.

7 (b) Lightweight, low profile intermodal cars (alpha Q): 22 years
8 minus the age at acquisition.

9 (c) Flat cars (alpha F): 22 years minus the age at acquisition.

10 (d) Conventional intermodal cars (alpha P): 22 years minus the
11 age at acquisition.

12 (e) Vehicular flat cars (alpha V): 22 years minus the age at
13 acquisition.

14 (f) All other cars (all other alphas): 25 years minus the age at
15 acquisition.

16 (g) Betterments: the remaining depreciable life of the car to
17 which the betterment is applied.

18 ~~Acquisition cost is defined as the expenditures required to be~~
19 ~~capitalized by generally accepted accounting principles.~~

20 *SEC. 3. Section 11293 of the Revenue and Taxation Code is*
21 *amended to read:*

22 11293. In making an ~~assessment~~, *assessment when the tax is*
23 *imposed on the basis of car days*, the board shall determine the
24 average number of ~~each class~~ of private railroad cars physically
25 present in the state in the calendar year immediately preceding the
26 fiscal year in which the tax is imposed upon the basis of car days.
27 The board shall multiply the average number so determined by the
28 ~~average car value of a car of that class~~ as determined under Section
29 11292 and use the product for the assessment of the cars.

30 *SEC. 4. Section 11293.5 is added to the Revenue and Taxation*
31 *Code, to read:*

32 11293.5. *In making an assessment when the tax is imposed on*
33 *the basis of mileage, the board shall determine the physical*
34 *presence of private railroad cars in this state in the calendar year*
35 *immediately preceding the fiscal year in which the tax is imposed*
36 *upon the basis of mileage, using the ratio of miles in this state to*
37 *the total miles. The board shall multiply the ratio so determined*
38 *by the value as determined under Section 11292 and use the*
39 *product for the assessment of the cars.*

1 *SEC. 5. Section 11294 of the Revenue and Taxation Code is*
2 *amended to read:*

3 11294. In determining the averages required in Section 11293,
4 the board shall exclude from the California factor-car mileage, car
5 days or such other data which occurs while cars are not qualified
6 for revenue service and are in a repair facility in this state requiring
7 and undergoing or awaiting remodeling, overhaul, renovation,
8 conversion or repair which necessitates total labor in excess of 10
9 man-hours.

10 Car days excluded pursuant to this section shall not exceed 90
11 days per car unless the claimant provides substantiation of the
12 necessity for the additional days in such form as prescribed by the
13 board.

14 *SEC. 6. Section 11295 is added to the Revenue and Taxation*
15 *Code, to read:*

16 11295. (a) For the assessment of tax for the 2017–18 fiscal
17 year, the board shall determine the physical presence of private
18 railroad cars in this state for the 2016 calendar year upon the
19 basis of both mileage and car days equally weighted.

20 (b) Commencing with the 2018–19 fiscal year and for each
21 fiscal year thereafter, the board shall impose the tax on the basis
22 of mileage.

23 *SEC. 7. This act provides for a tax levy within the meaning of*
24 *Article IV of the Constitution and shall go into immediate effect.*

25 ~~SECTION 1. Section 6736 of the Revenue and Taxation Code~~
26 ~~is amended to read:~~

27 ~~6736. If any amount required to be paid to the state under this~~
28 ~~part is not paid when due, the board may, within 10 years after the~~
29 ~~amount is due, file in the office of the Clerk of the Superior Court~~
30 ~~of Sacramento County or of any county within the state a certificate~~
31 ~~specifying the amount required to be paid, interest and penalty~~
32 ~~due, the name and address as it appears on the records of the board~~
33 ~~of the person liable, the compliance of the board with this part in~~
34 ~~relation to the determination of the amount required to be paid,~~
35 ~~and a request that judgment be entered against the person in the~~
36 ~~amount required to be paid, together with interest and penalty as~~
37 ~~set forth in the certificate.~~