

## Assembly Bill No. 1426

### CHAPTER 220

An act to amend Sections 11203, 11251, 11252, 11291, and 11293 of, and to add Sections 11206 and 11292 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor July 31, 1995. Filed with  
Secretary of State July 31, 1995.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1426, Pringle. Private railroad car tax: assessed value.

Under the Private Railroad Car Tax Law, the State Board of Equalization assesses and taxes private railroad cars operated upon railroads in this state at their full cash value, as specified. The law also defines certain terms, including a "private railroad car."

This bill would, for purposes of that law, revise the definition of a "private railroad car" to include any railroad rolling stock intended for the transportation of any persons, commodity, or material, operated on the railroads of California, which car is owned by a person other than a railroad or the National Railroad Passenger Corporation. The bill would also define "class of private railroad cars," as specified.

This bill would, instead, require the board to assess and tax private railroad cars by class based on the owner's acquisition cost, less depreciation, as provided. The bill would make conforming and related changes.

The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a  $2/3$  vote of the membership of each house.

Pursuant to this constitutional authorization, this bill would establish a partial exemption from taxation for private railroad cars.

This bill would take effect immediately as a tax levy.

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

SECTION 1. Section 11203 of the Revenue and Taxation Code is amended to read:

11203. (a) "Private railroad car" includes any railroad rolling stock intended for the transportation of any persons, commodity, or material, operated on the railroads of this state, which car is owned by a person other than a railroad or the National Railroad Passenger Corporation. The car's Association of American Railroad's, or successor organization's, reporting mark shall be rebuttably presumed to be the mark of the car owner.



(b) “Private railroad car” does not include:

(1) Freight train or passenger train cars owned by railroad companies which are used or subject to use under the ordinary per diem agreement common to all railroads.

(2) Freight train or passenger cars handled under mileage or through line contract arrangements between railroad companies.

(3) Cars owned by or leased to any railroad company operating in this state, or by any railroad company operated as a part of the same railroad system as the company operating in this state, and used by the railroad company in the operation, maintenance, construction, or reconstruction of its property and assessed and taxed in this state as a part of the property of a railroad company operating in this state.

(4) Passenger train cars that are privately owned and for which the owner pays the railroad a fee, regardless of how calculated, for transporting the cars.

(5) Any railroad rolling stock for which a railroad or the National Railroad Passenger Corporation is the lessee. For a leased car, the car’s Association of American Railroad’s, or successor organization’s reporting mark is rebuttably presumed to be the mark of the lessee.

SEC. 2. Section 11206 is added to the Revenue and Taxation Code, to read:

11206. “Class of private railroad cars” means the Association of American Railroad’s, or successor organization’s, one letter alpha component of its car type codes as contained in that organization’s Exhibit D of the UMLER specification manual or successor exhibit.

SEC. 3. Section 11251 of the Revenue and Taxation Code is amended to read:

11251. Private railroad cars operated upon railroads into, out of, or through this state shall be assessed and taxed by the board as prescribed in this part.

SEC. 4. Section 11252 of the Revenue and Taxation Code is amended to read:

11252. The tax imposed in this part is in lieu of all other state, county, municipal, or district taxes, according to value, upon private railroad cars and their appurtenances.

SEC. 5. Section 11291 of the Revenue and Taxation Code is amended to read:

11291. The value of private railroad cars shall not include the car owner’s tools, shop equipment, materials, supplies, or other like items of personal property customarily kept or maintained at fixed locations for use in repairing, improving, servicing, or operating the cars.

SEC. 6. Section 11292 is added to the Revenue and Taxation Code, to read:

11292. In making the assessment, the board shall value the cars by class based on the owner’s acquisition cost, less depreciation. The depreciation shall be computed for these enumerated Association of



American Railroad's, or successor organization's, car type groups on a straight-line basis with the indicated depreciable life schedules with a maximum of 80 percent depreciation allowed.

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

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

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

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

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

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

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

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

SEC. 7. Section 11293 of the Revenue and Taxation Code is amended to read:

11293. In making an assessment, the board shall 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. The board shall multiply the average number so determined by the value of a car of that class as determined under Section 11292 and use the product for the assessment of the cars.

SEC. 8. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

