

ASSEMBLY BILL

No. 2318

Introduced by Assembly Member Knox

February 19, 1998

An act relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2318, as introduced, Knox. Property taxation: airline property and possessory interests.

Existing property tax law provides that all property is subject to taxation at its full value, unless that property is otherwise exempted from taxation in whole or in part pursuant to either state or federal law.

This bill would, pursuant to legislative findings and declarations, declare the intent of the Legislature to enact those provisions that will resolve outstanding issues arising from prior and ongoing tax assessments made with respect to airline property and the taxable possessory interests of airlines in publicly owned airports.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 SECTION 1. (a) The Legislature finds and declares
2 all of the following:

1 (1) As a result of both ambiguities in the law and
2 conflicts between regulations and court decisions, one of
3 the most difficult and contentious property tax
4 assessment issues in recent years has been the assessment
5 of airline property and possessory interests in publicly
6 owned airports.

7 (2) These ambiguities and conflicts have given rise to
8 litigation and appeals challenging assessments involving
9 hundreds of millions of dollars of property tax revenues.

10 (3) The uncertainty created by pending litigation and
11 appeals over the assessment of airline property and
12 possessory interests in publicly owned airports is
13 disruptive to both airline industry tax planning and local
14 government and school finance.

15 (b) It is the intent of the Legislature in enacting this
16 act to facilitate resolution of the disputes over the
17 assessment of airline property and possessory interests in
18 publicly owned airports by codifying recommendations,
19 produced by a county and airline industry working group,
20 that:

21 (1) Dispose of all outstanding litigation and appeals
22 over assessments on airline industry property and
23 possessory interests in publicly owned airports.

24 (2) Define the right to assess, and method of assessing,
25 the possessory interests of airlines in publicly owned
26 airports.

27 (3) Establish assessment methodology for airline
28 property.

29 (4) Create a presumption of correctness if county
30 assessors follow the assessment guidelines provided in this
31 measure.

32 (5) Mitigate the financial impact of this statutory
33 change on local governments and schools by establishing
34 a method by which the issuance of any prior-year refunds
35 to litigating airlines would be treated as credits against
36 future tax payments.

37 SEC. 2. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or
39 safety within the meaning of Article IV of the California



1 Constitution and shall go into immediate effect. The facts
2 constituting the necessity are:

3 This measure is necessary to provide guidance and
4 clarification that is essential to the fair and efficient
5 taxation of airline industry property and possessory
6 interests in publicly owned airports in the current year,
7 and to clarify the status of prior-year property tax
8 payments that have funded essential services provided by
9 local governments and schools.

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