



AGENDA
LEGISLATIVE ACTION COMMITTEE
6:20 to 6:40 pm
Thursday, June 9, 2016
West Conference Room, Sunnyvale City Hall
456 West Olive Avenue, Sunnyvale, CA

*This agenda and packet are available at www.citiesassociation.org
If you are unable to attend this meeting, please pass your packet to your alternate.*

- 1. Welcome and Introductions and Roll Call**
- 2. Consent Calendar**
 - A. April 14, 2016 Meeting Minutes
- 3. New Business**
 - A. Assessment of Commercial Airlines: SB 1329 and AB 2622 (Larry Stone)
 1. SCC Airline Position Paper
 2. 2016 SCC Legislative Priorities Re: Trial de Novo
 3. Articles: Silicon Valley Business Journal & Mercury News
 4. SB 1329 (Hertzberg) Senate Floor Analysis
 5. AB 2622 (Nazarian) Assembly Floor Analysis
 6. SCC Opposition Letter Re: SB 1329
 - B. AB 2450 (Achadjian) Assessment of Below Market-Rate Homes (Larry Stone)
 1. Fact Sheet
 2. Assembly Committee on Appropriations Analysis
 3. LCC AB 2450 Support Letter
 - C. 2016 Assessment Roll (Larry Stone)
 1. 2016-2017 City and Redevelopment Assessment Roll
 2. Real Property Roll Growth Chart
- 4. Member Comments**

Each Legislative Action Committee member may speak to any issue not on the agenda; time limit of 5 minutes unless LAC members authorize further discussion.
- 5. Oral Communications**

This time is reserved for public comments, not to exceed 5 minutes, on topics that are not on the agenda.
- 6. Future Agenda Items**
- 7. Adjournment**

Draft Minutes
Cities Association Legislative Action Committee
Sunnyvale City Hall
April 14, 2016

The regular meeting of the Cities Association Legislative Action Committee was called to order at 6:37 p.m. with President Jim Griffith presiding on behalf of Chair Jan Pepper presiding.

1. Call to Order/Roll Call

Present:

Jason Baker, Campbell
Rod Sinks, Cupertino
Peter Leroe-Munoz, Gilroy
Jeannie Bruins, Los Altos
Rob Rennie, Los Gatos
Burton Craig, Monte Sereno
Steve Tate, Morgan Hill
Pat Showalter, Mountain View
Chappie Jones, San Jose
Teresa O'Neill, Santa Clara (6:45)
Mary-Lynne Bernald, Saratoga
Jim Griffith, Sunnyvale

Also Present:

Betsy Shotwell, San Jose
Raania Mohsen, CASCC
Seth Miller, LCC Peninsula Div.

2. Consent Calendar

Accept Minutes of March 10, 2016 Meeting. Motion (Baker)/ Second (Bernald).
Motion carried unanimously (12:0)

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, Rennie,
Showalter, Sinks, Tate

No:

Absent: O'Neill, Scharff, Waldeck

3. New Business

Seth Miller of the League of California Cities Peninsula Division and Betsy Shotwell of San Jose provided input on the following bills.

A. AB 1851 (Gray & Ting) Vehicular Air Pollution: Reduction Incentives

- Expands existing Clean Vehicle Rebate Project and establishes incentives to drive consumer demand for zero emission and plug-in hybrid vehicles.
- California's consumers are not purchasing zero emission vehicles (ZEVs) at a rate that will meet the California Air Resources Board's ZEV mandate of 15.4 percent of new vehicles sales by 2025; in 2015 ZEVs and plug-in hybrids represented just 3.1% of sales.
- Proposed incentives include:

- Expand the Clean Vehicle Rebate Project for plug-in hybrid, battery electric and fuel cell vehicles to 10%, 15% and 25% off the vehicle's MSRP or final sales price.
- 40%, 45% and 55% off the vehicle's MSR or final sales price for low and moderate-income households in disadvantaged communities.
- Sale tax incentive to trade-in higher polluting vehicles for purchase of a ZEV.
- Remove the statutory cap on HOV lane sticker for pug-in hybrid vehicles
- Establish a \$4,500 rebate for commercial and multi-family property owners to purchase and install electric charging stations.
- LAC Members expressed a number of concerns with the bill and unanimously recommended to not take a position on the bill.

Motion(Sinks)/Second (Bernald). Motion carried unanimously (12:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, Rennie, Showalter, Sinks, Tate

No:

Absent: O'Neill, Scharff, Waldeck

B. SB 873 (Beall) Sale of Low Income Housing Tax Credits

- Proposes to increase the value of state Low Income Housing Tax Credit (LIHC) by structuring the credits in a way that is not subject to federal taxation and therefore benefit the public by allowing many more affordable housing units to be built for the same level of state tax expenditures.
- Supporters include League of California Cities and Santa Clara County Board of Supervisors.
- LAC Member unanimously recommended support of the bill.

Motion (Sinks)/ Second (Rennie). Motion carried unanimously (12:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, Rennie, Showalter, Sinks, Tate

No:

Absent: O'Neill, Scharff, Waldeck

C. AB 2817 (Chiu) Low Income Housing Tax Credit

- Proposes to increase California's LIHTC by \$300 million for the construction and rehabilitation of affordable housing units across the state.
- Supporters include League of California Cities, Santa Clara County Board of Supervisors.
- The Cities Association supported this in its previous 2015 form (AB 35).

- LAC Members unanimously recommended support of the AB 2817.

Motion (Showater)/ Second (Sinks). Motion carried unanimously (13:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, O'Neill, Rennie, Showalter, Sinks, Tate

No:

Absent: Scharff, Waldeck

D. AB 2502 (Mullin & Chau) - Land Use: Zoning Regulations

- Proposes to protect locally enacted inclusionary housing programs, which help ensure that all new housing developments include a certain percentage of homes affordable to lower-income households.
- Cities Association supported this bill when it was introduced in 2013 and passed the legislature as AB 1229 (Atkins); Governor Brown vetoed it noting that he wanted to await the outcome of California Building Industry Association v. City of San Jose, a case challenging the constitutionality of inclusionary policies. The California Supreme Court issued a ruling in June in favor of inclusionary zoning.
- Affirms the ability of local governments to choose to require as a condition of project approval the inclusion of homes affordable to lower-income households.
- The bill is co-sponsored by California Non-Profit Housing Association and has been supported by City of Sunnyvale and City of San Jose.
- LAC Members unanimously recommended support of AB 2502.

Motion (Sinks)/ Second (Bruins). Motion carried unanimously (13:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, O'Neill, Rennie, Showalter, Sinks, Tate

No:

Absent: Scharff, Waldeck

E. AB 1591 (Frazier) Transportation Funding

- In 2015, the Governor declared \$6 billion a year need for basic maintenance and repairs to state highways alone and challenged the Legislature to deliver a funding plan to meet that need.
- A special session was called; proposals and counter-proposals were heard.
- AB 1591 proposes \$8 billion a year for a long-term sustainable funding solution focused on relieving congestion, maintaining highways, and improving trade corridors.
- Though the Cities Association supports Senator Beall's SBx1 1 funding proposal, LAC Members supported an "all of the above" strategy and recommended support of AB 1591.

Motion (Showater)/ Second (Sinks). Motion carried unanimously (13:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, O'Neill, Rennie, Showalter, Sinks, Tate

No:

Absent: Scharff, Waldeck

F. SB 1053 (Leno) Housing Opportunity Act

- Proposes to add housing subsidy vouchers (Section 8) to the sources of income protected by California's Fair Employment and Housing Act ensuring that landlords cannot deny applicants simply because they received federal, state, or local rental subsidies.
- LAC Members recommended to watch SB 1053 as it progresses through committee hearings.

Motion (Rennie)/ Second (Bruins). Motion carried unanimously (13:0).

Ayes: Baker, Bernald, Bruins, Craig, Esteves, Griffith, Jones, Leroe-Munoz, O'Neill, Rennie, Showalter, Sinks, Tate

No:

Absent: Scharff, Waldeck

3. Oral Communications – none

4. Adjournment: The meeting was adjourned at 6:55 p.m.

Respectfully submitted:
Raania Mohsen, Executive Director

Office of the Assessor

County of Santa Clara

County Government Center, East Wing
70 West Hedding Street, 5th Floor
San Jose, CA 95110-1771
(408) 299-5588 www.sccassessor.org
Assessor@asr.sccgov.org



Lawrence E. Stone, Assessor

Aircraft -Related Legislation: Trial De Novo and Assessment Valuation **Should airlines continue to receive an annual assessed value reduction of \$2 billion¹?** (AB 2622 and SB 1329)

Executive Summary

- Oppose Trial De Novo, which would be expensive to administer and result in arbitrary valuations being forced on assessors, which is fundamentally inconsistent with California's Constitution.
- Support efforts that build upon the "lead county" approach, utilizing mutually agreed upon best practices and other streamlining initiatives
- Eliminate State mandates requiring assessors to value commercial aircraft for less than the fair market value, a standard applied to all other business property.
- Support modernization of the code including the elimination of a "representative period" to document the annual usage of California airports by domestic airlines.

Background

The California Constitution requires assessors to annually apply a fair market value standard in assessing business personal property, including fixtures, machinery and equipment. Last year in California the total assessed value of unsecured business property was \$268.9 billion which generated approximately \$3 billion in property tax revenue to benefit schools, cities, and counties. In 2015-16, the assessed value of commercial aircraft reached \$7.9 billion, generating over \$90 million in property tax revenue. While the assessed value of commercial aircraft has remained virtually unchanged for eleven years, the airline industry has enjoyed record growth and profits from new passenger fees and the highest passenger load factor on record. The Wall Street Journal reported, "industry profits tripled to 23 billion." Airlines for America recently announced that in the past five years, major airline carriers have acquired more than \$65 billion in new aircraft.

Following the "9/11" terrorist attacks the airlines suffered major financial losses. The California Assessors Association (CAA) worked collaboratively with the airline industry to temporarily modify the assessment methodology to provide interim property tax relief for domestic airlines. These agreements were subsequently codified in law in 2005 (AB 964). Under this current state-mandated methodology, assessors are required to assess all commercial aircraft at 10% less than the wholesale value established by the Airline Price Guide, the official "blue book" for commercial aircraft, or trended cost, whichever is lower. Typically, wholesale less 10% has been significantly lower than trended cost. The central issue in both AB 2622 and SB 1329 concerns whether commercial airlines should continue to receive an estimated \$2 billion reduction in assessed value based on an outdated methodology that is no longer necessary.

¹ Unless otherwise noted, all numbers refer to assessed value

AB 2622/SB 1329

Last year the assessment methodology that has resulted in an annual \$2 billion reduction for commercial aircraft was set to expire. When California assessors and the airlines could not reach agreement, Assembly Member Adrin Nazarian authored legislation to extend the sunset for an additional year to allow more time for dialogue between the airlines and the assessors. Nazarian's staff convened five separate meetings in which assessors and staff participated along with airline industry representatives and key legislative staff. AB 2622 is a direct outcome of those meetings, and reflects what Assembly Member Nazarian has determined is the most equitable and workable resolution for both parties.

AB 2622 does not address the major components of the multibillion-dollar valuation dispute between assessors and the airlines, and unfortunately extends the current valuation methodology for another three years. Earlier this year Senator Hertzberg introduced competing legislation (SB 1329), sponsored by the airline industry, that would extend the current methodology (wholesale less 10%) indefinitely, in addition to providing "trial de novo" for airline companies disputing the value of commercial aircraft.

Since the fate of either AB 2622 or SB 1329 remains unclear, the California Assessor's Association prepared the following paper which summarizes the primary policy issues confronting the legislature in the assessment of commercial aircraft.

Assessment Methodology: eliminating privileged status for the airlines

The CAA supports returning the methodology for assessing aircraft back to a "fair market value" standard. There is no justifiable reason for airlines to continue to benefit from valuing commercial aircraft at wholesale value less 10 percent. California assessors have a proven track record in the fair and equitable assessment of \$5.2 trillion in property value. The assessors have successfully defended assessment challenges by airlines in appeal hearings before local assessment appeal boards. The current methodology was never intended to be permanent. The intent language of the 2005 legislation stated, "to establish a unique methodology for the assessment of certificated aircraft in light of the special circumstances that befell this property and the airline industry following the September 11, 2001, incident."

Updating Airline-related Revenue and Taxation Code Sections

Beyond the 2005 agreement, there remains an outdated provision dating back to 1968. Assessing commercial aircraft requires assessors to consider many factors including a provision known as the "representative period." The purpose of a representative period is to obtain air carrier operational data....to reflect the average activity of each carrier operating in California for the ensuing tax year.

The current law requires the Board of Equalization (BOE) to annually establish a "representative period" reflecting the number of times an aircraft lands and departs at California airports. This sample period is then applied to the aircraft valuation methodology to determine the airline's assessment for property tax purchases. The busiest time of the year for airlines is generally between Thanksgiving and the New Years. Historically, the lowest travel period occurs in January.

Regrettably, the airlines have prevailed upon the BOE to select the second week of January as the best predictor of annual usage by the airlines at California airports. Sampling data for a single week during the month of the lowest passenger load, creates an unfair and inaccurate estimate of annual activity by the airlines at ten California airports. Today, flight operational data electronically records the frequency of departures and arrivals and is readily available electronically from the FAA. Consequently, it is no longer necessary to use a "representative period" of a single week in January when the average annual use is more accurate and representative of actual use by the airlines.

Trial De Novo

The CAA staunchly opposes establishing a “Trial de Novo” process to resolve assessed value disputes for any industry including the airlines. SB 1329 would encourage the airline industry to adjudicate disputes over the value of commercial aircraft in Superior Court, effectively bypassing local assessment appeals boards. It gives the airlines a second “bite at the apple,” a benefit that is not available to any other industry in California. Airlines would use the local assessment appeals process as a “trial run,” to test their case before embarking on a full and expensive trial in Superior Court for each assessment appeal. It would increase the cost and complexity of civil cases in California’s Superior Court system. SB 1329 is a significant departure from California’s established property tax system. California courts do not need more litigation and court cases, they need less. Our courts are already overwhelmed. Currently, in an assessment appeal before an independent local assessment appeals board, both sides submit evidence to support their opinion of value. The law requires all assessment appeals be resolved within two years, unless the taxpayer signs a waiver. In contrast, Trial de Novo would increase the cost, and extend the time it takes to resolve an assessed value dispute. A typical civil action in Superior Court can take two or three years before the trial begins. In Santa Clara County, for example, a major high tech company filed suit in Superior Court challenging the legal underpinnings of a value decision by the local assessment appeals board. This multi-billion dollar dispute took eight years before the matter was decided by the Court, following three years of multiple hearings at the local assessment appeals board level. Santa Clara County’s legal costs for this single case reached \$400,000. Moreover, if our county had not prevailed, we would have also been liable to pay the taxpayer’s legal expenses which were estimated at \$2 million.

Trial de Novo would financially overwhelm assessors. Litigation in Superior Court involves depositions, interrogatories, legal briefs, discovery, cross-examinations etc. for each case, significantly different than the simple, efficient and fair process at the local level. A Southwest Airlines representative testified at the Senate Government and Finance Committee hearing on April 13, 2016 that Trial de Novo would force county boards of supervisors to conduct a cost-benefit analysis for each major appeal, encouraging settlements with airline appellants. This is inconsistent with the state constitution that demands equalization and fair and accurate assessments, not “split the difference” negotiations. With so much money at stake, the airlines would have a financial incentive to take major value disputes to Superior Court.

The more resources county assessors spend in defending assessment appeals in Superior Court, the less will be available for resolving issues involving individual homeowners and small businesses, who do not possess the financial resources to take advantage of Trial de Novo. Additionally, Trial de Novo adds another layer of fiscal uncertainty to public schools, cities and special districts that plan their budgets according to projected property tax revenues.

In addition, transferring the responsibility for complex valuation decisions to judges is not good public policy. Judges are trained to adjudicate issues of law, not property values. The California Judges Association has twice opposed Trial de Novo legislation and previously commented that “the prospect of hundreds of thousands of property owners starting from scratch in the trial court, without regard to the amount in controversy or the reasons for dissatisfaction, is very troubling.”

Local assessment appeals boards are more qualified to resolve complicated, technical valuation issues than the Superior Court. Assessment appeals boards are composed of members who must meet specific statutorily required professional qualifications to hear and decide factual issues of equalization, and must complete state-mandated training. That is all they do. The average assessment appeals board resolves more cases in a single day than a Superior Court is able to accomplish in several months, at a substantially lower cost to the public.

Independent local assessment appeals boards have for over 100 years done an exceptional job of fairly adjudicating property assessment disputes between taxpayers and county assessors. Assessment appeals boards are an extremely efficient and cost-effective way of resolving disputes, and they are staunchly independent of both the assessor and county government.

While SB 1329 is targeted just to benefit the airlines, other industries will certainly demand similar special treatment if SB 1329 becomes law. During the last two decades, the California Legislature has rejected this assault on a fair and equitable property tax system four times. Each time Trial de Novo has been rejected on the merits, as it is fundamentally inconsistent with previous initiatives to reform government by improving efficiency, productivity and performance. SB 1329 does just the opposite by adding another layer of bureaucracy to benefit a single industry.

Best Practices

Finally working through the California Assessors' Association Aircraft Advisory Subcommittee, the CAA supports building on the current "lead county" system, establishing best practices for property tax compliance by the airlines. These changes will further streamline the processes to enable property tax filings, audits and assessment appeals to be managed by a single county, rather than in each of the 10 major counties with commercial airports.

Conclusion

Special legislation, designed to benefit large corporations like the airlines, contributes to the public's growing cynicism of elected officials, and their inability to fairly serve ordinary citizens. The constitutional duty of California's assessors is to render fair and accurate assessments of ALL business property. Trial de Novo interferes with that duty. The airlines' sole objective is to reduce their property taxes below fair market value. The California Assessors Association urges the legislature to support the fair and equitable assessment of aircraft and oppose provisions like SB 1329.

ASSESSOR

- 1) The County supports the **continued assessment of computer programs** where such programs are integral to taxable business property and are necessary for the proper functioning of that property for the purpose for which it was designed.
- 2) The County opposes **Trial de Novo**, which would promote unfair property values and cause assessments to be determined through compromise and settlement, which is inconsistent with fair property equalization. Trial de Novo undermines the constitutionally-established local assessment appeals boards, significantly increases fiscal uncertainty to schools and local governments, and lengthens the time necessary to resolve local property assessment appeals.
- 3) The County opposes any effort to eliminate or limit the assessment of **business personal property**.
- 4) With regard to the sale of property that includes an active solar energy system and the subsequent application for a reduction in assessed value, the County supports a deadline of six months from the date of transfer, consistent with other similar exclusions.
- ~~5) The County supports changes in the Revenue and Taxation Code to improve the administration of, and compliance with, the Religious, Church and Welfare Exemption.~~
- ~~6) The County supports the creation of a Board of Equalization certification for employees responsible for identifying changes in ownership and determining whether or not those changes are reassessable activities.~~
- ~~7) The County supports improving the standard by which a penalty can be abated by the Assessment Appeals Board to require a demonstration that the failure to file timely a property statement or cooperate with an Assessor's inquiry to a legal entity was due to circumstances beyond the entity's control and occurred notwithstanding the exercise of ordinary care.~~
- 5) With regard to the assessment of commercial aircraft, the County supports the utilization of a valuation methodology consistent with other business personal property.
- 6) *The County supports legislation requiring governmental agencies to provide, where feasible in electronic form, recorded contracts, permits and any other pertinent information. To timely and accurately enroll equipment and property, assessors are reliant upon cities and the County for the timely discovery of new or recently closed businesses and changes in real property that may impact their assessed value. Examples include new construction, which may increase values and governmental restrictions (e.g. below market rate affordable housing) which may lower values.*

FOR THE EXCLUSIVE USE OF LSTONE96@HOTMAIL.COM

From the Silicon Valley Business Journal:

<http://www.bizjournals.com/sanjose/news/2016/05/16/airlines-making-second-attempt-to-extend-post-911.html>

Airlines making second attempt to extend post-9/11 tax break in California

May 16, 2016, 5:39am PDT **Updated: May 16, 2016, 9:28am PDT**

See Correction/Clarification at end of article

Two California Legislature committees will take up bills this week to extend a property tax break on commercial aircraft that was enacted in the post-9/11 period to help airlines survive the huge travel downturn, which could have a big effect on Santa Clara County finances.

A previous attempt to permanently extend the tax break last year bogged down because of objections by the assessors of the 11 counties with airline service, including Lawrence Stone of Santa Clara County. A one-year extension of the 9/11 law was passed instead to allow the airlines and assessors to hash out their differences.

They met — few of their differences were resolved — and now bills are making their way through the Assembly and Senate that would achieve the airlines' tax reduction goals by different means.



A Southwest Airlines Boeing 737 parked at Mineta San Jose International Airport. Airlines are trying to get a California property tax break extended that was originally given in the wake of 9/11.

Join the conversation: Follow @SVbizjournal on Twitter, "Like" us on Facebook and sign up for our free email newsletters.

“There’s no industry in American that suffered more in the 9/11 terrorist attacks than the airline industry,” Stone said. “But now’s the time to return to the real world and assess commercial aircraft based on real value.”

Airlines pay “business personal” property taxes on their planes — the same kind of taxes other businesses pay on their office furnishings — based on their assessed value and the amount of time they spend in California. But since 9/11, the assessment has been based on the wholesale value of the planes less a 10 percent discount, not the fair-market value on which other businesses’ assessments are based.

What worries county assessors is that if a 9/11 tax exception for airlines, which are now posting record profits, becomes permanent, then all California businesses will want the same deal.

With a \$5 billion budget, the \$1.9 million that Santa Clara County now collects in taxes from airlines — even if increased to pre-9/11 levels — is not a huge sum. But if all businesses get what the airlines are asking for, Santa Clara County would take a \$300 million revenue hit, second biggest in the state after Los Angeles County.

That’s because Silicon Valley’s tech industry offices are packed with \$30 billion worth of computers and Herman Miller Aeron chairs that fall under the business personal property classification — 8 percent of the total county tax roll — which is taxed at a 1 percent rate.

The Senate bill, SB 1329, which will be heard in the appropriations committee today, would continue the post-9/11 discounted assessment on commercial aircraft indefinitely and also give airlines a separate appeal process, called trial *de novo*, that no other businesses assessed at the county level enjoy.

The Assembly bill, AB 2622, will be heard Wednesday. It would continue the

assessment discount for three more years but, in a concession to assessors, would state the legislature's intention to determine "the most appropriate method of calculating the assessed value of certificated aircraft over a 365-day period."

Since the aircraft are only taxed for the time they spend in California, that calculation is important. When the system began in 1968, aircraft record-keeping was paper-based and the counties chose one week a year to count planes and use that as the basis for a year-long calculation. The airlines successfully argued for that week to be during a low-travel period in January.

The records are now computerized and kept both by the airlines and the Federal Aviation Administration, which says it would be simple to provide them to county assessors so that the time period in which aircraft are within California's jurisdiction could be precisely determined.

"I am fully supportive of a valuation method that is based on actual real-time information and year-round data," bill author Assemblymember Adrin Nazarian (D-Sherman Oaks) told the Silicon Valley Business Journal.

Sen. Robert Hertzberg, D-San Fernando Valley, author of SB 1329, had not replied to an email as of publication of this story. But his addition of trial *de novo* "is the biggest single issue that assessors have faced in my 21 years," Stone said. "(The airlines) are very aware that trial *de novo* (trying all aspects of the case "from the beginning") would essentially break the system."

Others appealing tax valuations have access to courts if they wish to challenge whether tax law was correctly applied, but disputes over the valuation number itself are heard by panels of experts convened as a local assessment appeals board.

Stone said appeals to the board are common. The 11 biggest currently pending in Santa Clara County each involve valuations of \$1 billion or more and represent a total refund liability to the county of \$262 million.

Taking those cases to court introduces the possibility of years of delay and high costs, which could be worth it for one taxpayer but enormously expensive for a

county annually involved in suits with multiple taxpayers.

“This would force boards of supervisors to do a cost-benefit analysis on every tax deal,” Stone said. “It would just absolutely destroy the concept of fair and equitable taxation.”

Correction/Clarification

The total refund liability for Santa Clara County's 11 largest business personal property tax appeals has been corrected to \$262 million.

Jody Meacham

Reporter

Silicon Valley Business Journal



The Mercury News

MONDAY, MAY 16, 2016

24/7 COVERAGE: WWW.MERCURYNEWS.COM || \$1.50

BayArea NewsGroup

111

MONDAY, MAY 16, 2016

Opinion

Sharon Ryan

President and Publisher, Bay Area News Group

Neil Chase

Executive Editor

Bert Robinson

Managing Editor Content

Randall Keith

Managing Editor Digital

Tiffany Grandstaff

Managing Editor Presentation and News Production

Barbara J. Marshman

Editorial Page Editor

Michael Turpin

Executive Vice President and Chief Revenue Officer

Lisa Buckingham

Senior Vice President and Chief Financial Officer

Joe Boessenecker

Senior Vice President Operations

Dan Smith

Vice President Audience

Editorial board members: Michele Lew, community member; Ed Clendaniel, editorial writer; Barbara J. Marshman; Sharon Ryan

Editorial

Airline deal would be bad precedent

A bill headed to the California Senate Appropriations Committee Monday to make it easier for airlines to reduce their unsecured property tax liability carries a grave threat — not only to counties like San Mateo, Santa Clara and Alameda, which have major airports, but also to any city, county or school district that counts on business property taxes. In the Bay Area, that means tech.

We're counting on Sens. Jim Beall, D-San Jose, and Jerry Hill, D-San Mateo, to stop SB 1329 in appropriations. Their counties, both with major airports and a strong tech economy, have so much to lose.

The dangerous concept here is to give airlines the right to go to court to seek to change the assessed value of their aircraft.

The value is now set by the county assessor. If it's appealed, it is affirmed or altered by an independent assessment appeal board made up of private sector experts in appraisal and other relevant fields. Airlines can go to court now if they feel tax law was inappropriately applied to them, but the courts can only review legal issues, not values. Superior Court judges are trained in applying law, not assessing property value.

Airlines hope to be able to negotiate lower values or force counties to compromise on professionally documented assessments. Airlines can spend millions on litigation; counties can't. Furthermore, litigation can drag on for years, leaving counties in limbo with millions of dollars in revenue subject to possible

refunds. It is not a sustainable system.

Worse still, if the right to start appeals from scratch in court, known as *trial de novo*, were granted to airlines, wouldn't Cisco, Apple and Facebook demand it? They'd be crazy not to. If aircraft appraisals are up for negotiation, why not lab equipment?

Here's what's at stake. The assessed value of unsecured business property in California was \$268.9 billion last year, resulting in \$3 billion in tax revenue for schools, counties and cities. In the current fiscal year, the assessed value of commercial aircraft alone was \$7.9 billion, generating property tax of more than \$90 million.

This bill is part of a sustained drive by Sen. Bob Hertzberg, D-Van Nuys, to help airlines reduce their tax bills. Low fuel costs are making airlines enormously profitable, but temporary tax breaks granted by the Legislature after the 2001 terrorist attacks are still in place. County assessors, including Larry Stone in Santa Clara County, have negotiated with airlines to simplify filings and remedy other complaints, but the companies still want to pay less.

If the tax on unsecured business property needs reform, then let's take up that broad topic. It's wrong to use airlines as a wedge to undermine the tax at the expense of schools and others reliant on the money. If the *trial de novo* bill isn't stopped in appropriations, we'll be looking to Senate President pro Tem Kevin de León to step in.

THIRD READING

Bill No: SB 1329
Author: Hertzberg (D)
Amended: 5/31/16
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 5-0, 4/13/16
AYES: Hertzberg, Beall, Hernandez, Lara, Pavley
NO VOTE RECORDED: Nguyen, Moorlach

SENATE JUDICIARY COMMITTEE: 4-2, 4/19/16
AYES: Moorlach, Anderson, Hertzberg, Wieckowski
NOES: Leno, Monning
NO VOTE RECORDED: Jackson

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/27/16
AYES: Lara, Bates, Beall, Hill, McGuire, Mendoza, Nielsen

SUBJECT: Property taxation: certificated aircraft

SOURCE: Author

DIGEST: This bill extends for one year the lead assessor methodology to value certificated aircraft.

ANALYSIS:

Existing law:

- 1) Provides that all property is taxable unless explicitly exempted by the Constitution or federal law.
- 2) Limits the maximum amount of any ad valorem tax on real property at 1% of full cash value, and precludes reassessment unless the property is newly constructed or changes ownership; however, assessors value personal property, such as certificated aircraft, each year.

- 3) Allows assessors to value certificated aircraft with “situs” in California on a fleet basis, defined as all aircraft owned by the taxpayer by make and model.
- 4) Apportions value among counties based on a weighted average of the fleet’s ground and flight time (75%), and arrivals and departures (25%) measured only during the “representative period,” currently designated by the Board of Equalization (BOE) as the second full in week in January.
- 5) Creates a lead assessor methodology for valuing certificated aircraft, and sets forth a methodology to calculate aircraft value (AB 964, Horton, Chapter 699, Statutes of 2006). The methodology:
 - a) Requires owners of certificated aircraft to file one signed property statement for the taxpayer’s personal property with a single assessor, which the owner can file using the Standard Data Record network.
 - b) Allows owners to file one schedule for its certificated aircraft.
 - c) Limits audits of certificated aircraft to one, led performed by a multi-county team.
 - d) Establishes categories for mainline jets, regional aircraft, production freighters, and converted freighters, and sets forth a valuation methodology for each.
 - i) States as a rebuttable presumption the aircraft value as the lesser of a historical cost basis, or 10% off (for a fleet adjustment) the wholesale price listed in the Airline Price Guide.
 - ii) However, in no case may this value exceed the aircraft’s original cost, and owners of certificated aircraft may rebut the presumption using appraisals, invoices, and expert testimony (AB 384, Ma, Chapter 228, Statutes of 2010).
 - e) Provides for an economic obsolescence adjustment, where assessors analyze the change in three variables to determine whether larger economic forces are diminishing the aircraft’s value.
 - f) Requires the California Assessors’ Association to designate a lead assessor for each airline to calculate the unallocated value of the fleet, transmit that

value to non-lead counties, receive the consolidated property statement, and lead the audit team.

- g) Sunsets after the 2016-17 fiscal year, after which certificated aircraft will revert to local assessment.

This bill extends the current provisions of the lead assessor methodology to value certificated aircraft until the 2017-18 fiscal year.

Background

Until 1998, state law did not prescribe a specific method for assessors to determine the value of aircraft, resulting in years of disagreements and litigation between assessors and airlines. In 1998, the Legislature detailed a valuation methodology for certificated aircraft which was presumed to equal the fair market value of the aircraft for those years, enacting three bills to codify a settlement agreement between several counties and airline industry representatives. In 2003, the agreement expired, and assessors again locally valued aircraft without specific guidance from the Revenue and Taxation Code.

In 2006, assessors and the airlines again agreed on a new valuation methodology, which sunset in the 2010-11 fiscal year. Under the agreement, a “lead assessor” values each airline’s fleet. Instead of filing property statements with each county, airlines may instead file a single consolidated statement with a single assessor designated by the Aircraft Advisory Subcommittee of the California Assessors’ Association. AB 964 (2006) also directed the lead assessor to audit the airline every four years.

After Governor Schwarzenegger vetoed the first bill that extended the sunset (AB 311, Ma, 2009), he signed a similar bill the next year, which extended the lead assessor model and the valuation methodology until the 2015-16 fiscal year, but differed from AB 311 by:

- Replacing language specifying value with a rebuttable presumption,
- Allowing the taxpayer to rebut the presumption with appraisals, invoices, and expert testimony, and
- Capping an aircraft’s value at its original cost.

Assessment of personal property, especially certificated aircraft, is inherently difficult. Not only are planes valuable, which leads to a larger range of disagreement, but the economic condition of the airline industry can change rapidly due to terrorist attacks, economic recessions, and mergers, all of which have occurred in recent years. The Legislature initially codified an assessment methodology after years of litigation resulted in settlement agreements. AB 964's methods of assessment were supposed to establish a very detailed methodology based on either an easily knowable cost basis or a well-known price index. However, that bill also created a safety valve that would reduce values due to obsolescence whenever a weighted average of three metrics fell 10% below its average for the past 10 years. Some airlines appealed assessors' valuations over different issues, including arguing that assessors erred by using an incorrect period to calculate the 10-year average, incorrect comparison information, and applied the incorrect base year. Assessors disagreed, and assessment appeals boards subsequently upheld the assessor's valuations. However, airlines subsequently filed suit in several counties to challenge that determination, and to preserve legal standing.

Related/Prior Legislation

AB 2622 (Nazarian, 2016) extends the lead assessor methodology until the 2019-2020 fiscal year, and makes other procedural changes to the methodology. The bill is currently on the Assembly Floor.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The precise revenue impact of this bill relative to current law is unknown. Property tax revenues for the additional year utilizing the lead assessor methodology could be higher or lower than what would have occurred absent the bill. Approximately 50 percent of property tax revenues statewide accrue to schools, which generally offsets state General Fund obligations pursuant to Proposition 98. Consequently, any change in the school share of property tax revenues that is attributable to the bill's impact on assessed values would, in turn, impact General Fund expenditures.
- Implementation costs for the BOE would be minor and absorbable.

SUPPORT: (Verified 5/31/16)

Airlines for America

Alaska Airlines
American Airlines
Southwest Airlines
United Airlines

OPPOSITION: (Verified 5/31/16)

None received

ARGUMENTS IN SUPPORT: According to the author, “The provisions outlined in current law relating to the centralized assessment of aircraft will sunset December 31, 2016. Unless extended, airlines would be required to file separate property statements and submit duplicative aircraft fleet information in every county in which they operated. In addition each county will be required to audit each carrier, if the air carrier’s assessment qualifies as a mandatory audit in that county. Absent a uniform codified methodology, each county would have to calculate the total aircraft fleet value. Airlines would inevitable face uncertainty and delays on the valuation of their aircraft. A centralized process simplifies the valuation and taxation of certified aircraft, ensures statewide consistency in the base value of an aircraft fleet and promotes administrative efficiency for both carriers and counties. In extending the sunset date for the assessment of certified aircraft, SB 1329 continues to eliminate the need for multiple tax returns reporting the same information, and allows assessors to carry out their mandated responsibility to fairly assess all taxable property, within their jurisdiction, in an efficient manner. It is imperative that counties continue to assess aircraft in an administratively efficient manner as these assessments translate into approximately \$30 million in local revenue.”

Prepared by: Colin Grinnell / GOV. & F. / (916) 651-4119
5/31/16 22:15:37

**** END ****

ASSEMBLY THIRD READING

AB 2622 (Nazarian)

As Amended May 19, 2016

Majority vote

Committee	Votes	Ayes	Noes
Revenue & Taxation	5-0	Ridley-Thomas, Dababneh, Mullin, O'Donnell, Quirk	
Appropriations	14-6	Gonzalez, Bloom, Bonilla, Bonta, Calderon, Daly, Eggman, Eduardo Garcia, Roger Hernández, Holden, Quirk, Santiago, Weber, Wood	Bigelow, Patterson, Gallagher, Jones, Obernolte, Wagner

SUMMARY: Extends the Centralized Fleet Calculation Program for statewide assessment of certificated aircraft for property tax purposes until fiscal year (FY) 2019-20. Specifically, **this bill:**

- 1) Extends, until FY 2019-20, the application of the current assessment methodology for determining the fair market value (FMV) of certificated aircraft owned by commercial air carriers for property tax purposes and the rebuttable presumption that the pre-allocated FMV of certificated aircraft, as calculated, is correct.
- 2) Extends, until December 31, 2019, the application of the following provisions of law that otherwise are scheduled to sunset on December 31, 2016:
 - a) Revenue and Taxation Code (R&TC) Section 441(l) that requires a commercial air carrier to file one annual property statement with a designated "lead" county, as provided; and,
 - b) R&TC Section 1153.5 that establishes the procedure for selecting a lead county to calculate an airline's fleet value and a coordinated multi-county audit team to perform mandatory audits of commercial air carriers.
- 3) Specifies that the "representative period," as specified, for each assessment year of an air carrier's ground and flight time and arrival and departure activity shall consist equally of a week or group of weeks in January and a week or group of weeks in July.
- 4) Requires, on or before March 1, 2017, the Aircraft Advisory Subcommittee of the California Assessors' Association to do the following:
 - a) Designate two contacts in each lead county assessor's office for each commercial air carrier to address reporting and data issues; and,
 - b) Establish best practices for the effective administration of the lead county system, audit process, and methods to evaluate converted freighters.
- 5) Requires the lead county assessor's office to transmit the property statement received from a commercial air carrier to the assessor of each county in which the carrier's personal property is located or has acquired situs.

- 6) Requires a county assessor that receives a property statement from the lead county to first direct questions to the lead county assessor's office, and only question the commercial air carrier if the lead county assessor's office is unable to provide the answer.
- 7) Imposes a state-mandated local program and provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs will be made as required by the statute.

EXISTING LAW:

- 1) Provides that all property is taxable unless explicitly exempted by the California Constitution or federal law. Limits ad valorem taxes on real property to 1% of the full cash value of that property as set forth in the California Constitution.
- 2) Requires that real and personal property be taxed at the same rate (California Constitution Article XIII Section 2 of Article XIII of the California Constitution). Personal property, which generally is defined as property other than real property, is subject to property tax of 1% of the assessed value of the taxable personal property. The property tax applicable to personal property, however, is calculated based on the *market value* of that property, rather than its "full cash value."
- 3) Requires each county to impose an ad valorem property tax rate of 1% of the assessed value of the taxable property located in that county. Certificated aircraft is subject to property taxation when in revenue service in California. Typically, certificated aircraft are commercial aircraft operated by air carriers for passenger and freight service, while general aircraft are typically privately owned aircraft. General aircraft are assessed on an aircraft-by-aircraft basis and an assessment is made only in a single county where the aircraft is habitually situated. Certificated aircraft are valued for purposes of property taxation under a "fleet" concept, which means that the basis of the assessed value is not the value of any single aircraft owned by an air carrier, but the value of *all* aircraft of each particular fleet type that is flown into California. Types are grouped by make and model. Only an allocated portion of the entire fleet's value ultimately taxed to reflect actual presence in California's counties. Because certificated aircraft are movable, they are often located in more than one county during an assessment year, and assessments are made for each county in which the aircraft in the fleet land during the year.
- 4) Prescribes a centralized assessment methodology for valuing certificated aircraft for FYs 2005-06 through 2016-17, and is repealed as of December 31, 2016. This methodology allows a commercial air carrier to file a single, consolidated property statement with a designated "lead" county for all certificated aircraft that has acquired a tax situs in California. The centralized assessment methodology is based on a formula to be used by the "lead" county in determining the pre-allocated fair market value of each make, model, and series of mainline jets, production freighters, converted freighters, and regional aircraft with a tax situs within California for property tax purposes. The pre-allocated value is the lesser of:
 - a) A historical cost less depreciation basis with no individual aircraft value exceeding the original price paid; or,
 - b) The value referenced in the Winter edition of the "Airline Price Guide," a commercially-prepared value guide for aircraft, less 10%.

Once the "lead" county calculates the pre-allocated value of the aircraft, the information is transmitted to all other counties within which the airline has acquired a tax nexus. Each individual county then determines its allocated portion of the fleet based on the flight data for that particular county. R&TC Section 1152 provides an allocation formula to determine the frequency and the amount of time that an air carrier's aircraft makes contact and maintains situs within a county during a representative period. An allocation ratio is the sum of two factors:

- a) A ground and flight time factor, which accounts for 75% of the ratio; and,
- b) An arrivals-and-departures factor, which accounts for 25% of the ratio. [Property Tax Rule 202 (c)].

The sum of these factors yields the allocation ratio, which is applied to the full cash value of a fleet of a particular type of aircraft operated by an air carrier. The sum of the assessed allocated values for each make and model used by an air carrier results in the total assessed value of the aircraft for that air carrier for a particular county.

- 5) Requires the Board of Equalization (BOE), upon consultation with assessors, to designate for each assessment year the representative period of an air carrier's ground and flight time and arrival and departure activity used in the allocation formula.
- 6) Specifies that, with respect to lien dates occurring on and after January 1, 2011, the value of an individual aircraft assessed to the original owner may not exceed its original cost and that the pre-allocated fair market value of an aircraft may be rebutted by certain evidence, including appraisals, invoices, and expert testimony.
- 7) Requires the "lead" county to transmit the property statement related to an airport location to the situs county, and provides that each county is responsible for valuing personal property and fixtures at its particular airport locations. Requires assessors to audit once every four years the personal property holdings of any property owner with an assessed value of more than \$400,000.
- 8) Allows an audit team comprised of staff from one to three counties, as determined by the Aircraft Advisory Subcommittee of the California Assessors' Association, to perform a mandatory audit of a commercial air carrier once every four years on a centralized basis. The work performed by the audit team is deemed to have been made on behalf of each county for which a mandatory audit would otherwise be required under RT&C Section 469.

FISCAL EFFECT: According to the Assembly Appropriations Committee, unknown fiscal effect. Absent a codified methodology, there can be no assurance that the values determined by individual county assessors would be the same, higher, or lower than they are under the current methodology.

COMMENTS:

- 1) *Background:* Prior to 1999, no specific assessment methodology procedure for valuing certificated aircraft or the carrier's possessory interest in the publicly owned airport existed in California. In 1998, a group of counties and airline industry representatives entered into a written settlement agreement to dispose of outstanding litigation and appeals over the

valuation of possessory interest assessments in airports and the valuation of certificated aircraft. The settlement agreement created a new assessment methodology for valuing aircraft that applied to FY 1998–99 to FY 2002–03 and was codified in a three-piece legislative package [AB 1807 (Takasugi), Chapter 86, Statutes of 1998; AB 2318 (Knox), Chapter 85, Statutes of 1998; and SB 30 (Kopp), Chapter 87, Statutes of 1998].

- 2) *The 2005 Settlement Agreement*: In 2005, the representatives of the airline industry and a county assessors working group, jointly, refined that valuation methodology, recognizing the need to distinguish between different types of aircraft and to detail the specific calculation of the variable components that were previously lacking. For instance, with respect to calculating the historical cost basis of the aircraft, each variable component is specified and taken into account: (a) acquisition cost, (b) price index, (c) percent good factor, and (d) economic obsolescence. With respect to Aircraft Performance Group (APG), a "blue book" value guide for aircraft, the use of values referenced in that guide is delineated, recognizing that airlines generally receive a fleet discount that is not reflected in prices listed in the guide. The 2005 revisions to the valuation methodology of certificated aircraft were codified by AB 964 (Horton), Chapter 699, Statutes of 2005. However, AB 964 specified that the revised formula for determining the fair market value of certificated aircraft of a commercial air carrier applied only for FYs 2005-06 through 2010-11. AB 964 also included repeal dates for the provisions prescribing the procedures for designating a lead county assessor's office for each commercial air carrier operating certificated aircraft in California, allowing a commercial air carrier to file one property statement with the lead county, and permitting an audit of those carriers on a centralized basis.
- 3) In 2010, AB 384 (Ma), Chapter 228, Statutes of 2010, extended the valuation methodology and centralized assessment provisions temporarily to the FY 2015-16. AB 384 also revised the valuation provisions to create a rebuttable presumption of correctness for the FMV of certificated aircraft determined under the assessment methodology. AB 384 specified that the FMV may be rebutted by evidence including appraisals, invoices, and expert testimony. Finally, AB 384 provided that the value of an individual aircraft assessed to the original owner may not exceed its original cost from the manufacturer.

AB 1157 (Nazarian), Chapter 440, Statutes of 2015, extended the current assessment methodology for certificated aircraft for one more year through FY 2016-17. This bill extends the assessment methodology through FY 2019-20, streamlines some administrative procedures between aircraft carriers and county assessors, and updates how the representative period used by county assessors in assessing the aircraft of the carrier is determined.

- 4) *Centralized Assessment System*: Under existing law, which this bill proposes to extend, a "lead" county is designated by the Aircraft Advisory Subcommittee of the California Assessors' Association for each commercial air carrier operating certificated aircraft in California. The "lead" county is required to calculate an *unallocated* fleet value of the carrier's certificated aircraft for each make, model, and series, as provided. Once the fleet value is calculated, it is transmitted to other counties, which in turn determine their *allocated* portions of the fleet value based on the flight data for each county. The allocation process limits each county's assessment to reflect the aircraft's physical presence in that county.
- 5) Existing law also allows commercial air carriers operating in multiple California airports to file a single consolidated property statement with a "lead" county. In turn, the "lead" county

must transmit return information related to non-aircraft personal property and fixtures to other counties where the air carrier operates. The audit procedures are also centralized: an audit team directed by the "lead" county will audit the air carrier once every four years on a centralized basis.

- 6) *Certainty and Predictability of the Existing Assessment Methodology*: Prior to 1998, the valuation of aircraft had been contentious and challenging for both county assessors and commercial air carriers, but the codified valuation methodology has reduced those conflicts.¹ The existing centralized assessment of certificated aircraft provides certainty and predictability for both assessors and airlines. Further, the current procedure of designating a lead county assessor's office to calculate the preallocated fleet value ensures that airlines report the same information to every county, resulting in a uniform statewide assessment. Absent a codified methodology, there is no guarantee that the values determined by each individual county assessor would be the same since property appraisal is subjective and opinions of value differ. Finally, the centralized assessment of aircraft greatly reduces administrative costs for both parties. Unless the existing methodology for valuing aircraft is extended, both the assessors and airlines will have to deal with multiple tax returns reporting the same information, multiple audits and multiple county assessment appeals. Furthermore, assessors would be able to use any valid method to determine FMV, such as, for example, cost, income, comparable sales, and published market value guides.
- 7) *The Rebuttable Presumption of Value*: The assessment of certificated aircraft is a difficult and complex task. As such, the potential for litigation and assessment appeals is significant. It is presumed by both the assessor and taxpayer that the existing methodology will result in a fair and reasonable assessment. However, since appraisal is not an exact science, there may be instances where one of the parties believes, and has clear evidence, that the assessment resulting from the prescribed methodology is wrong. In these instances, the issue is usually settled by an assessment appeals board. Consistent with the existing law, this bill would allow taxpayers and assessors to appeal a value established by following a legally prescribed methodology. The practical result of "rebuttably presumed" language is that it clearly recognizes that an assessment appeals board has the discretion to set a fair market value where the facts presented clearly overcome the presumption of correctness in any given methodology. If the existing centralized assessment provisions are not extended, then the burden of proof regarding the correctness of the assessment will shift to the air carrier challenging the assessed value.
- 8) *A More Representative "Representative Period"*: Once the "lead" county has calculated the pre-allocated value of the aircraft, the information is transmitted to local counties to determine their allocated portion of the fleet based on the flight data for the particular county. This allocation formula is determined by the frequency and amount of time that an air carrier's aircraft makes contact and maintains situs within a county during a "representative period." The purpose of the representative period is to obtain air carrier operational data that can reasonably be expected to reflect the average activity of the carrier for the ensuing tax year.

¹ In 2013, several air carriers have commenced legal action challenging the calculations of economic obsolescence under R&TC Sections 401.17(a)(1)(C) and (D). The lawsuits have been consolidated into one case pending in Orange County Superior Court. This bill, however, does not propose to modify the economic obsolescence provisions.

Under current law, the representative period is determined by the BOE on or before January 1 of each year, upon consultation with the assessors of counties where air carriers' aircraft make regular physical contact. January 1 is also the lien date by which the assessor establishes the assessed value and owner of property for tax purposes.

Over the last 20 years, the representative period selected has most often been the first or second week of January following the lien date. In 2013, at the request of the California Assessors Association, the BOE commenced an interested parties process on this issue. The key stakeholders argued the following:

- a) The airline industry contended that the representative period should be as close to the lien date as possible to ensure that information reported by airlines will most accurately reflect the activity of assessed aircraft.
- b) Assessors contended that many other states use the preceding 12 months prior to the lien date as a representative period. Moreover, a full year representative period better reflects the true value of the aircraft.

When the concept of the representative period was established in 1968, technological limitations provided that utilizing an entire year's past flight activity would be too burdensome. The Federal Aviation Administration (FAA) now provides records of all flight data on its public Web site that may be used to derive a more accurate representative period, and thus, more accurate assessment of aircraft. However, questions about this data set, such as how it could be used by assessors and the industry and how FAA can guarantee its availability into the future, remain unanswered. As an alternative, this bill requires the BOE to choose a representative period that incorporates a week (or group of weeks) in July, in addition to a week (or group of weeks) in January, as is currently common practice.

Analysis Prepared by: Oksana Jaffe, Irene Ho / REV. & TAX. / (916) 319-2098 FN: 0003049

DAVE CORTESE

**PRESIDENT, BOARD OF SUPERVISORS
COUNTY OF SANTA CLARA SUPERVISOR, THIRD DISTRICT**

COUNTY GOVERNMENT CENTER, EAST WING
70 WEST HEDDING STREET, 10TH FLOOR
SAN JOSE, CALIFORNIA 95110
TEL: (408) 299-5030 FAX: (408) 298-6637
dave.cortese@bos.sccgov.org • www.supervisorcortese.org



April 15, 2016

The Honorable Hannah-Beth Jackson
Chair, Senate Judiciary Committee
State Capitol Building, Room 2187
Sacramento, CA 95814

RE: SB 1329 (Hertzberg) As Amended April 14, 2016 – OPPOSE

Dear Chairperson Jackson:

The Santa Clara County Board of Supervisors regrettably opposes SB 1329 (Hertzberg) related to the assessment appeals process for air carrier property. This measure creates a significant financial risk to both state and local governments and substantial cost burdens for county agencies and the courts.

SB 1329 would shift duties and responsibilities assigned to the county board of equalization for air carrier assessment appeals to the trial courts, offering a trial *de novo*. This change could result in a loss of property tax revenue and raises other concerns. Trial court judges are trained to adjudicate issues of law, not property values. In contrast, assessment appeals boards consist of members who must meet specific statutorily required qualifications to hear and decide factual issues of equalization, and must complete state-mandated training. They are more qualified to resolve complicated, technical valuation issues.

Counties would also incur significant costs of “starting over” in court. The alternative of seeking a settlement with the taxpayer would likely result in an amount much lower than the taxpayer rightfully is obligated to pay but would have legal standing. A decision to not settle a case would incur significant costs and drain county resources. In those cases when a county chooses not to settle, trial *de novo* would be financially overwhelming as it would require depositions, interrogatories, legal briefs, discovery, cross-examinations, and other associated legal costs.

Further, trial *de novo*, whether it be for one industry or all corporations, would seriously undermine the constitutionally established independent local assessment appeals boards. Assessment appeals boards are an extremely efficient and cost-effective way of resolving these disputes, and they are independent of both the assessor and county government. Of note, the vast majority of assessment appeals result in a reduction or a mutually agreed stipulation between the property owner and the assessor.

It for the above-stated reasons, our County must regretfully register its opposition to SB 1329. We respectfully request your consideration of our views on this issue when the bill is heard by your Senate Judiciary Committee.

Sincerely,



Dave Cortese
President, Board of Supervisors

cc: Members, Senate Judiciary Committee
Senator Robert Hertzberg
Santa Clara County Legislative Delegation
Santa Clara County Board of Supervisors
Jeffrey V. Smith, County Executive
Michael Rattigan, Legislative Representative

AB2450 – PROPERTY TAXATION: BELOW MARKET RATE HOUSING CONTRACTS

Assemblymember Achadjian

IN BRIEF

AB2450 would require that government agencies that establish enforceable restrictions for the purpose of providing below market rate affordable homes shall provide shall the recorded contract to the assessor as soon as possible after the date of recordation.

THE ISSUE

Assessors are required to consider the effect of any enforceable restrictions on a property's value. For low income housing homes, also known as below market rate (BMR) properties, governmental agencies execute contracts to restrict the use of the land for owner occupied housing, which are sold at affordable or below market prices. These contracts come with governmentally imposed restrictions to ensure compliance with the terms of the affordable housing program. Frequently Governmental Agencies rely upon non profit organizations to interface with homeowners to screen applicants and process transactions.

During the past several years, it has been increasingly difficult for assessors to properly assess these below market rate properties, because property owners, non-profits and Government Agencies do not always disclose the existence of these BMR contracts at the time of transfer. Currently, only the homeowner is required to disclose and governmental agencies, including local housing agencies and non profits, are not legally mandated to inform the assessors of the existence of these BMR contracts even though they are required to maintain a current list of the BMR properties and enforce the restrictions.

EXISTING LAW

Existing law requires that property owners disclose the existence of these BMR contracts on their Preliminary Change of Ownership Report (PCOR) at the time of transfer.

Item "N" on the PCOR is marked to identify "*transfers subject to subsidized low income requirements with governmentally imposed restrictions.*"

Typically this form is one of scores of documents provided by a non profit to a title company signed by homeowners. However, many BMR buyers are not so knowledgeable about this process and fail to notify the assessor in a timely manner. The result is that assessors, unaware of the existence of these contracts, value the properties at fair market value (instead of a restricted sale price) and low income owners are faced with paying higher property taxes.

THE SOLUTION

By requiring governmental agencies to record these restricted housing contracts and providing assessors with copies of contracts (including any amendments thereof), it will ensure that assessors can properly value these types of transactions and consider enforceable restrictions. As many cities contract this service to nonprofit agencies this requirement should not be a significant imposition. Moreover it will help the city achieve their objective of assisting low-income families through providing affordable housing.

FOR MORE INFORMATION

Staff:

David Ginsborg
(408) 299-5572

Sponsor:

CA Assessors' Association

Rob Grossglauser

(916) 552-6789

rob@gacalifornia.com



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

April 19, 2016

Assembly Member Katcho Achadjian
State Capitol, Room 4098
Sacramento, CA 95814

RE: **AB 2450 (Achadjian) Property Tax Information for Assessors**
(As Amended, April 13, 2016)

Dear Assembly Member Achadjian:

The League of California Cities is pleased to support your AB 2450 (Achadjian). This measure, as amended, would improve the accuracy of information submitted by property owners to assessors upon a change of ownership, and also clarify that the county assessor, in addition to the tax collector, are to be provided notice when a public entity proposes to acquire property for a public use.

Collectively, these changes will improve the accuracy and efficiency of the property tax assessment process.

We sincerely appreciate the work of your office and sponsors that resulted in the most recent amendments. If you have any questions, or if I can be of any assistance, please call me at (916) 658-8222.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Carrigg".

Daniel Carrigg
Legislative Director

Cc: Chair and Members, Assembly Local Government Committee
William Weber, Principal Consultant, Assembly Republican Caucus
Misa Lennox, Associate Consultant, Assembly Local Government Committee
Alex Tacket, Legislative Aide, Office of Assembly Member Katcho Achadjian

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Campbell	
City	
CAWF (2016-17 roll in progress)	\$7,738,833,566
CTR (2015-16 with roll corrections)	\$7,302,500,346
ROLL (2015-16 at roll close without any changes)	\$7,230,727,182
CHANGE (to the 2015-16 roll due to corrections)	\$71,773,164
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.99
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$508,106,384
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.03
Campbell	
RDA Only	
CAWF (2016-17 roll in progress)	\$902,752,331
CTR (2015-16 with roll corrections)	\$843,474,204
ROLL (2015-16 at roll close without any changes)	\$836,051,950
CHANGE (to the 2015-16 roll due to corrections)	\$7,422,254
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.89
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$66,700,381
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.98
Cupertino	
City	
CAWF (2016-17 roll in progress)	\$19,267,293,427
CTR (2015-16 with roll corrections)	\$17,683,158,507
ROLL (2015-16 at roll close without any changes)	\$17,708,276,202
CHANGE (to the 2015-16 roll due to corrections)	(\$25,117,695)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.14
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$1,559,017,225
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	8.80

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Gilroy	
City	
CAWF (2016-17 roll in progress)	\$7,441,427,791
CTR (2015-16 with roll corrections)	\$6,896,920,135
ROLL (2015-16 at roll close without any changes)	\$6,917,890,407
CHANGE (to the 2015-16 roll due to corrections)	(\$20,970,272)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.30
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$523,537,384
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.57
Los Altos	
City	
CAWF (2016-17 roll in progress)	\$13,781,327,287
CTR (2015-16 with roll corrections)	\$12,828,754,834
ROLL (2015-16 at roll close without any changes)	\$12,818,639,864
CHANGE (to the 2015-16 roll due to corrections)	\$10,114,970
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.08
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$962,687,423
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.51
Los Altos Hills	
City	
CAWF (2016-17 roll in progress)	\$7,119,447,059
CTR (2015-16 with roll corrections)	\$6,686,856,852
ROLL (2015-16 at roll close without any changes)	\$6,689,759,159
CHANGE (to the 2015-16 roll due to corrections)	(\$2,902,307)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.04
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$429,687,900
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	6.42
Los Gatos	
City	
CAWF (2016-17 roll in progress)	\$9,976,994,272
CTR (2015-16 with roll corrections)	\$9,316,875,373
ROLL (2015-16 at roll close without any changes)	\$9,272,760,419
CHANGE (to the 2015-16 roll due to corrections)	\$44,114,954
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.48
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$704,233,853
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.59

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Los Gatos	
RDA Only	
CAWF (2016-17 roll in progress)	\$1,460,358,585
CTR (2015-16 with roll corrections)	\$1,405,220,022
ROLL (2015-16 at roll close without any changes)	\$1,401,566,548
CHANGE (to the 2015-16 roll due to corrections)	\$3,653,474
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.26
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$58,792,037
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	4.19
Milpitas	
City	
CAWF (2016-17 roll in progress)	\$6,934,575,603
CTR (2015-16 with roll corrections)	\$6,545,693,503
ROLL (2015-16 at roll close without any changes)	\$7,430,613,542
CHANGE (to the 2015-16 roll due to corrections)	(\$884,920,039)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-11.91
GROWTH (2016-17 roll growth since 2015-16 roll close)	(\$496,037,939)
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	-6.68
Milpitas	
RDA Only	
CAWF (2016-17 roll in progress)	\$7,220,635,103
CTR (2015-16 with roll corrections)	\$6,637,246,294
ROLL (2015-16 at roll close without any changes)	\$5,780,740,106
CHANGE (to the 2015-16 roll due to corrections)	\$856,506,188
PERCENT CHANGE (to the 2015-16 roll due to corrections)	14.82
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$1,439,894,997
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	24.91
Monte Sereno	
City	
CAWF (2016-17 roll in progress)	\$1,957,191,207
CTR (2015-16 with roll corrections)	\$1,848,711,996
ROLL (2015-16 at roll close without any changes)	\$1,854,024,423
CHANGE (to the 2015-16 roll due to corrections)	(\$5,312,427)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.29
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$103,166,784
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	5.56

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Morgan Hill	
City	
CAWF (2016-17 roll in progress)	\$5,467,644,785
CTR (2015-16 with roll corrections)	\$5,098,409,193
ROLL (2015-16 at roll close without any changes)	\$5,105,608,505
CHANGE (to the 2015-16 roll due to corrections)	(\$7,199,312)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.14
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$362,036,280
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.09
Morgan Hill	
RDA Only	
CAWF (2016-17 roll in progress)	\$2,676,749,928
CTR (2015-16 with roll corrections)	\$2,487,300,514
ROLL (2015-16 at roll close without any changes)	\$2,471,290,865
CHANGE (to the 2015-16 roll due to corrections)	\$16,009,649
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.65
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$205,459,063
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	8.31
Mountain View	
City	
CAWF (2016-17 roll in progress)	\$20,003,458,319
CTR (2015-16 with roll corrections)	\$18,371,953,888
ROLL (2015-16 at roll close without any changes)	\$18,091,012,595
CHANGE (to the 2015-16 roll due to corrections)	\$280,941,293
PERCENT CHANGE (to the 2015-16 roll due to corrections)	1.55
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$1,912,445,724
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	10.57
Mountain View	
RDA Only	
CAWF (2016-17 roll in progress)	\$2,528,765,708
CTR (2015-16 with roll corrections)	\$2,412,933,944
ROLL (2015-16 at roll close without any changes)	\$2,287,570,037
CHANGE (to the 2015-16 roll due to corrections)	\$125,363,907
PERCENT CHANGE (to the 2015-16 roll due to corrections)	5.48
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$241,195,671
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	10.54

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Palo Alto	
City	
CAWF (2016-17 roll in progress)	\$33,500,740,179
CTR (2015-16 with roll corrections)	\$31,143,933,144
ROLL (2015-16 at roll close without any changes)	\$30,654,548,767
CHANGE (to the 2015-16 roll due to corrections)	\$489,384,377
PERCENT CHANGE (to the 2015-16 roll due to corrections)	1.60
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$2,846,191,412
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	9.28
San Jose	
City	
CAWF (2016-17 roll in progress)	\$132,176,515,664
CTR (2015-16 with roll corrections)	\$125,291,939,471
ROLL (2015-16 at roll close without any changes)	\$125,093,765,901
CHANGE (to the 2015-16 roll due to corrections)	\$198,173,570
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.16
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$7,082,749,763
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	5.66
San Jose	
RDA Only	
CAWF (2016-17 roll in progress)	\$21,901,066,364
CTR (2015-16 with roll corrections)	\$19,887,162,929
ROLL (2015-16 at roll close without any changes)	\$19,802,122,110
CHANGE (to the 2015-16 roll due to corrections)	\$85,040,819
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.43
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$2,098,944,254
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	10.60
Santa Clara	
City	
CAWF (2016-17 roll in progress)	\$26,593,975,951
CTR (2015-16 with roll corrections)	\$24,336,690,419
ROLL (2015-16 at roll close without any changes)	\$24,021,735,333
CHANGE (to the 2015-16 roll due to corrections)	\$314,955,086
PERCENT CHANGE (to the 2015-16 roll due to corrections)	1.31
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$2,572,240,618
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	10.71

**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Santa Clara	
RDA Only	
CAWF (2016-17 roll in progress)	\$4,171,718,194
CTR (2015-16 with roll corrections)	\$3,994,133,117
ROLL (2015-16 at roll close without any changes)	\$3,939,715,729
CHANGE (to the 2015-16 roll due to corrections)	\$54,417,388
PERCENT CHANGE (to the 2015-16 roll due to corrections)	1.38
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$232,002,465
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	5.89
Saratoga	
City	
CAWF (2016-17 roll in progress)	\$13,762,292,914
CTR (2015-16 with roll corrections)	\$13,093,817,304
ROLL (2015-16 at roll close without any changes)	\$13,111,384,191
CHANGE (to the 2015-16 roll due to corrections)	(\$17,566,887)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.13
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$650,908,723
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	4.96
Sunnyvale	
City	
CAWF (2016-17 roll in progress)	\$32,590,185,052
CTR (2015-16 with roll corrections)	\$30,063,714,757
ROLL (2015-16 at roll close without any changes)	\$29,594,150,763
CHANGE (to the 2015-16 roll due to corrections)	\$469,563,994
PERCENT CHANGE (to the 2015-16 roll due to corrections)	1.59
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$2,996,034,289
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	10.12
Sunnyvale	
RDA Only	
CAWF (2016-17 roll in progress)	\$1,238,833,996
CTR (2015-16 with roll corrections)	\$1,181,279,637
ROLL (2015-16 at roll close without any changes)	\$1,173,200,643
CHANGE (to the 2015-16 roll due to corrections)	\$8,078,994
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.69
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$65,633,353
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	5.59

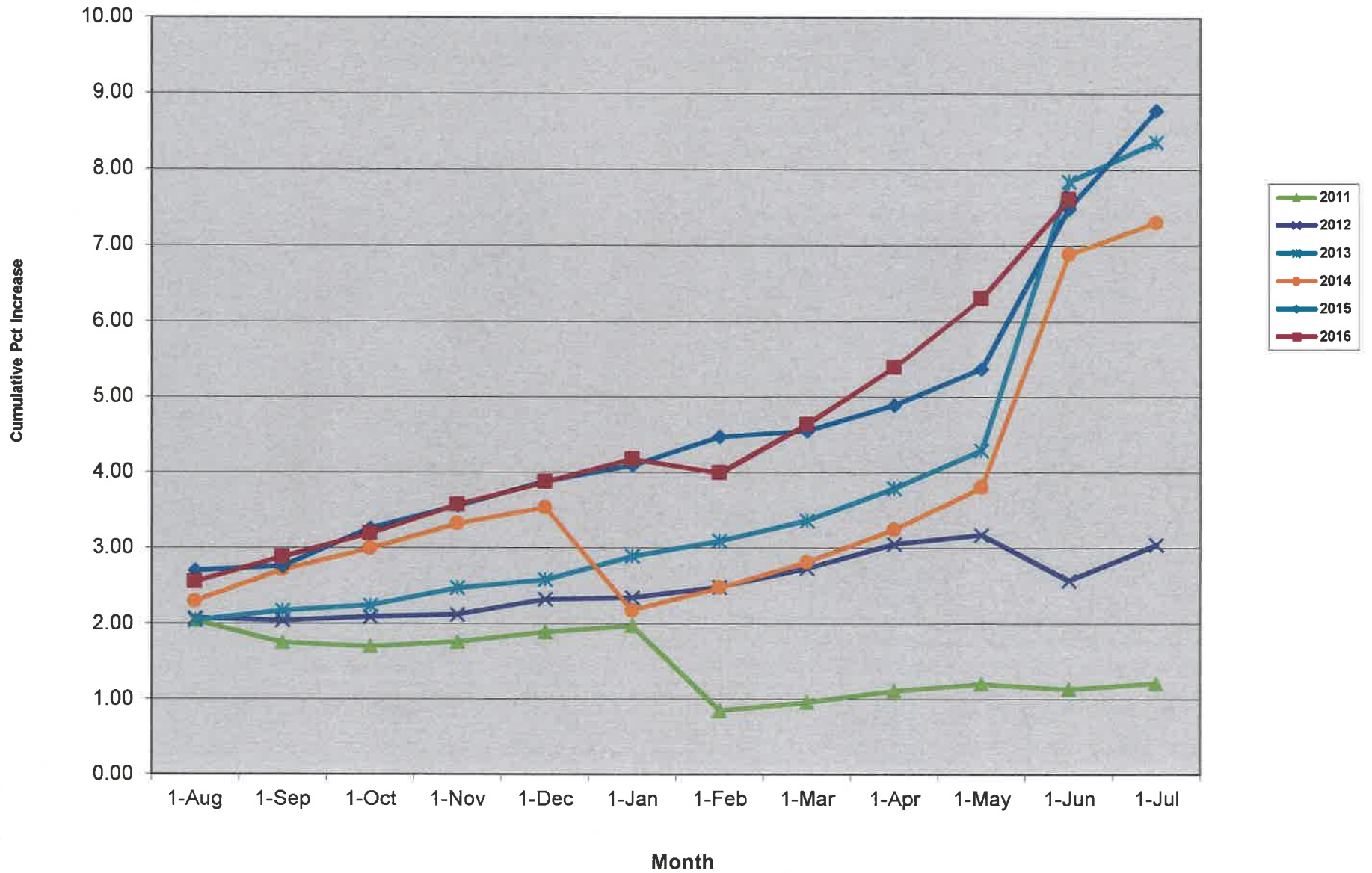
**Santa Clara County Assessor's Office
REAL PROPERTY - City and Redevelopment
2016-2017 Assessment Roll**

Report ID: NHP518F1

6/1/2016

	Total Value
Unincorporated	
City	
CAWF (2016-17 roll in progress)	\$20,423,666,004
CTR (2015-16 with roll corrections)	\$19,230,700,907
ROLL (2015-16 at roll close without any changes)	\$19,233,606,220
CHANGE (to the 2015-16 roll due to corrections)	(\$2,905,313)
PERCENT CHANGE (to the 2015-16 roll due to corrections)	-0.02
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$1,190,059,784
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	6.19
Unincorporated	
RDA Only	
CAWF (2016-17 roll in progress)	\$2,055
CTR (2015-16 with roll corrections)	\$2,025
ROLL (2015-16 at roll close without any changes)	\$2,025
CHANGE (to the 2015-16 roll due to corrections)	
PERCENT CHANGE (to the 2015-16 roll due to corrections)	
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$30
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	1.48
Final Total	
CAWF (2016-17 roll in progress)	\$400,836,451,344
CTR (2015-16 with roll corrections)	\$374,589,383,315
ROLL (2015-16 at roll close without any changes)	\$372,520,763,486
CHANGE (to the 2015-16 roll due to corrections)	\$2,068,619,829
PERCENT CHANGE (to the 2015-16 roll due to corrections)	0.56
GROWTH (2016-17 roll growth since 2015-16 roll close)	\$28,315,687,858
PERCENT GROWTH (2016-17 roll growth since 2015-16 roll close)	7.60

Real Property Roll Growth *Land and RP Improvements Only*



Real Property Roll Growth

Real Property Roll Growth													
	2011	2012	2013	2014	2015	2016							
1-Aug	2.04	2.07	2.04	2.29	2.70	2.55							
1-Sep	1.75	2.04	2.17	2.71	2.76	2.88							
1-Oct	1.70	2.09	2.24	2.99	3.26	3.19							
1-Nov	1.76	2.12	2.47	3.32	3.56	3.57							
1-Dec	1.89	2.32	2.58	3.53	3.88	3.87							
1-Jan	1.97	2.34	2.89	2.17	4.09	4.17							
1-Feb	0.85	2.48	3.09	2.47	4.47	3.99							
1-Mar	0.96	2.73	3.36	2.81	4.55	4.63							
1-Apr	1.11	3.05	3.79	3.24	4.89	5.39							
1-May	1.20	3.17	4.29	3.80	5.37	6.30							
1-Jun	1.13	2.57	7.84	6.88	7.49	7.60							
1-Jul	1.21	3.04	8.36	7.30	8.78								
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1-Aug	3.58	2.57	2.40	3.10	3.02	2.83	2.00	2.59	3.55	2.95	2.49	2.01	1.85
1-Sep	3.58	3.10	2.77	3.51	3.27	3.22	2.10	3.18	4.15	3.25	2.80	2.02	1.44
1-Oct	4.02	3.59	2.99	4.12	3.72	3.10	2.15	3.78	4.63	3.58	3.11	2.33	1.60
1-Nov	4.47	4.34	3.70	4.98	4.10	3.53	2.39	4.06	4.97	3.74	3.39	2.43	1.60
1-Dec	4.78	4.99	4.41	5.90	4.39	3.81	2.67	4.59	5.50	4.29	3.63	2.44	1.67
1-Jan	5.24	5.38	5.16	6.76	4.63	3.95	2.69	4.69	5.68	4.41	3.93	2.62	1.66
1-Feb	5.80	5.87	5.60	7.93	5.20	4.36	2.78	5.28	6.25	5.00	4.31	2.72	-0.37
1-Mar	6.53	6.44	6.77	9.05	5.51	4.62	3.54	5.98	6.71	5.40	4.34	2.91	-0.30
1-Apr	8.40	7.85	8.13	10.24	5.24	4.81	4.03	7.37	7.48	6.07	5.10	-1.21	-0.27
1-May	9.86	9.48	9.25	12.12	5.85	5.01	4.9	8.44	8.69	7.05	5.88	-0.81	-0.19
1-Jun	10.44	10.14	10.31	13.05	6.59	5.25	4.73	8.67	9.03	7.80	6.50	-0.17	-1.17
1-Jul	10.81	10.52	11.09	13.75	7.04	5.46	4.99	8.96	9.60	8.67	7.00	0.45	-1.67