



STATE BOARD OF EQUALIZATION

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No. 77/131

September 22, 1977

TO COUNTY ASSESSORS:

ASSESSMENT OF NONSCHEDULED AIR TAXIS

As you are all aware, Revenue and Taxation Code Section 1154(c) provides that air taxis used in nonscheduled operations are to be assessed where situated at the same ratio and rate applicable to other property.

Lately we have received several questions regarding the assessment of air taxis. The questions mostly relate to the problem of when an aircraft qualifies for assessment as a nonscheduled air taxi versus assessment at the 1½ percent general aircraft rate.

To eliminate any question of whether an operation is scheduled or non-scheduled, we offer the following: An air-taxi operator is defined as an air carrier who directly engages in the air transportation of persons, property, or mail or any combination thereof. If the operator works under a plan which provides more or less regular service between two or more locations, then he qualifies as a "scheduled air-taxi operator." Where he flies passengers or property on a wherever, whenever basis, then he qualifies as nonscheduled.

An air-taxi operator must register biennially with the Civil Aeronautics Board on CAB Form 298-A. The registration certificate will indicate the type of service he will perform and the F.A.A. registration number of each aircraft he intends using. Also, for F.A.A. purposes, he must maintain a record of each aircraft he used for air-taxi service during the previous six-month period. This includes aircraft either owned or leased by him. Your review of these records should be helpful.

We recommend the following guidelines be used in assessing aircraft either owned or leased by air-taxi operators.

1. Aircraft owned by air-taxi operators. Assess as an air taxi if the operator has listed the aircraft on the CAB Form 298-A or if a review of his records indicates any use of the aircraft for such purposes.
2. Aircraft leased by an air-taxi operator. An air-taxi operator may lease an aircraft for a continuous period, or he may have an arrangement with one or more aircraft owners to rent their aircraft on a trip basis. Where the arrangement is other than an individual

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trip basis, we suggest the same treatment as for aircraft owned by the operator even though the aircraft may be assessed to a non-operator. If the aircraft is rented on a trip basis, then we suggest you look for repeated use of the aircraft for air-taxi service. If an aircraft is used as an air taxi only once during a six-month period, then we suggest you tax it at the general aircraft rate of 1½ percent. However, if the air-taxi operator's records indicate more than one use of the aircraft as an air taxi during a six-month period, you should assess it as an air taxi.

If you have any questions regarding the above, please contact Bud Florence of this division.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

JFE:ebv