

RELIANCE

MACHINE PRODUCTS, INC.

4265 Solar Way • Fremont, CA 94538 • 510.438.6760 • Fax 510.438.6770

January 29, 2014

Ms. Sherrie Kinkle
State Board of Equalization
Property and Special Taxes Department
450 N Street
P.O. Box 942879
Sacramento, CA 94279-0064

Re: Property Tax Rule 133, Business Inventory Exemption

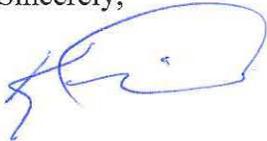
Dear Ms. Kinkle:

On behalf of Reliance Machine Products, I would like to express our support of the Board of Equalization's recent decision that space flight property should be categorized as exempt business inventory. The proposed amendments to Property Tax Rule 133 ensure the rule's equitable application throughout the state. This action is consistent with the authority vested in the Board under Government Code Section 15606(c), and will contribute to maintaining a prosperous aerospace industry in California.

We understand that commercial space launch is an evolving and challenging issue for the property tax system. While launch providers sell services, they relinquish control over space flight property upon launch. Therefore, as a California aerospace supplier, we support the important distinction that launch vehicles should not be subject to property tax. This tax, if improperly applied, would have a negative impact on the entire industry.

Thank you again.

Sincerely,



Kelly Hill
President and Chief Executive Officer
Reliance Machine Products, Inc.
4265 Solar Way
Fremont, California 94538