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SB 1394 (Hall) Railroad Cars: Mileage Assessment
FACT SHEET

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ISSUE

The Ports of Los Angeles and Long Beach are responsible for moving approximately 7 million cargo containers in and out of the United States each year and represent close to 40% of the nation's imports. Private Railroad Cars (PRC) are the most widely used method to move goods from California's ports to consumers throughout California, the nation and the world.

Current law imposes a property tax on PRCs operating on the state's railroads based on their time spent in California, not on the distance a PRC travels (as used in other states). The current calculation of PRC property tax relies heavily on an outdated data system and does not accurately reflect standardized modern assessments placed on cargo as it moves throughout the state. This system makes it more difficult to accurately report and collect assessments, increasing oversight costs to the State Board of Equalization (BOE) and PRC owners.

SOLUTION

SB 1394 modernizes the way the BOE collects assessments on PRCs from the number of days spent in the state to the number of miles traveled within the state.

By using a mileage based assessment, BOE administration costs will be reduced and businesses will be able to use a consistent, reliable and standardized method to pay assessments just as they do in other states throughout the country.

SUPPORT

(As amended 3/28/16)