

Bond Case Briefs

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Seibold v. County of Los Angeles

Court of Appeal, Second District, Division 3, California - September 22, 2015 - Cal.Rptr.3d - 2015 WL 5561222

After county assessment appeals board denied taxpayer's application for a refund of property taxes paid to county relating to ground lease and hangar at municipal airport, taxpayer filed complaint against county for declaratory relief and a refund of taxes paid for hangar and ground lease.

The Superior Court granted taxpayer summary judgment with respect to hangar, and following bench trial, found that ground lease constituted taxable possessory interest, but only entered judgment in favor of taxpayer for refund of taxes paid attributable to hangar. After taxpayer's motion to vacate was denied, county and taxpayer appealed. The Court of Appeal dismissed appeals and remanded with instructions, concluding that appeals were not taken from final appealable judgment. On remand, the trial court ruled in favor of taxpayer with respect to ground lease and entered orders enjoining collection of possessory interest taxes and ordering county to refund all possessory interest taxes paid on hangar and ground lease. County appealed.

The Court of Appeal held that:

- Taxpayer's right of possession under ground lease was sufficiently independent to establish taxable possessory interest in lease, and
- Fact issue as to whether hangar was taxable improvement on tax-exempt land precluded summary judgment with respect to hangar.

Taxpayer's right of possession under ground lease at municipal airport was sufficiently independent to establish a taxable possessory interest in lease. Ground lease conferred private benefit on taxpayer to use leased premises for storage of taxpayer's aircraft and aircraft-related equipment, use restrictions did not limit measure of control granted to taxpayer with respect to his authorized private use, but rather restrictions were fully consistent with airport's responsibility to safeguard use of public property and in no way required taxpayer to act as governmental agent when he enjoyed private benefit of storing his aircraft on leased premises.

Genuine issue of material fact existed as to whether taxpayer's airplane hangar located on leased premises at municipal airport was a privately-owned improvement on exempt public land taxable as a possessory interest, precluding summary judgment in favor of taxpayer in action against county for refund of property taxes paid for hangar.