

ITEM IV - CASE FILES

March 23 2026
SBE Meeting Materials

SBE Case No. 26-103



Nevada State Board of Equalization

Petition for DIRECT Appeal by County Assessor or Department of Taxation

If you have questions about this form or the appeal process, please call: (775) 684-2160.

Email completed form to: stateboard@tax.state.nv.us.

Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706.

PROPERTY OWNERS MUST NOT USE THIS FORM. USE FORM LGS-F029.

Please Print or Type:

Part A. PETITIONER INFORMATION

NAME OF PETITIONER AND/OR ORGANIZATION :					
NAME OF ASSESSOR OR DEPARTMENT REPRESENTATIVE				TITLE	
MAILING ADDRESS (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER AND RESPONDENT INFORMATION

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
NAME OF RESPONDENT (IF DIFFERENT THAN PROPERTY OWNER LISTED ABOVE):				TITLE	
MAILING ADDRESS OF RESPONDENT (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part C. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person.

- Sole Proprietorship Trust Corporation
 Limited Liability Company (LLC) General or Limited Partnership Government or Governmental Agency
 Other, please describe: _____

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. Yes No

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS	STREET/ROAD	CITY (IF APPLICABLE)	COUNTY
---------	-------------	----------------------	--------

2. Enter Applicable APN or Account Number from assessment notice or taxbill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER
--------------------------------	----------------

3. Does this appeal involve multiple parcels? Yes No

List multiple parcels on a separate, letter-sized sheet.

If yes, enter number of parcels: _____	Multiple parcel list is attached. <input type="checkbox"/>
--	--

4. Check Property Use Type:

<input type="checkbox"/> Vacant Land	<input type="checkbox"/> Mobile Home (Not on foundation)	<input type="checkbox"/> Mining Property
<input type="checkbox"/> Residential Property	<input type="checkbox"/> Commercial Property	<input type="checkbox"/> Industrial Property
<input type="checkbox"/> Multi-Family Residential Property	<input type="checkbox"/> Agricultural Property	<input type="checkbox"/> Personal Property
<input type="checkbox"/> Possessory Interest in Real or Personal property		

5. Check Year and Roll Type of Assessment being appealed:

<input type="checkbox"/> 2026-2027 Secured Roll	<input type="checkbox"/> 2025-2026 Unsecured Roll	<input type="checkbox"/> 2025-2026 Supplemental Roll
<input type="checkbox"/> 2026-2027 Centrally-Assessed Roll	<input type="checkbox"/> 2025-2026 Net Proceeds Roll	

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

For Clerk Use Only:

26-103

Part E. VALUE OF PROPERTY

Property Type	As established by County Assessor or Department of Taxation		Petitioner: <i>What is the value you seek? Write N/A on each line for values which are not being appealed.</i>	
	Taxable Value	Assessed Value	Taxable Value	Assessed value
Land				
Buildings				
Personal Property				
Possessory interest in real property				
Centrally-assessed properties				
Net Proceeds of Minerals				
Total				

Part F. TYPE OF APPEAL

Check box which best describes the authority of the State Board to take jurisdiction to hear the appeal.

NRS 361.360(3): The value of real or personal property is being appealed, but the appeal could not be heard by a county board of equalization because the real or personal property was placed on the unsecured tax roll after December 15.

NRS 361.395(1): Request for equalization of neighborhood or market area.

NRS 361.403: This is an appeal regarding the undervaluation, overvaluation or non-assessment of property by the Nevada Tax Commission (centrally-assessed utility or transportation properties).

NRS 361.769(3)(b): Property escaping taxation.

NRS 362.135: This is an appeal of the certification of Net Proceeds of Minerals Tax by the Department of Taxation.

This is an appeal of the denial of exemption of real or personal property by Department of Taxation

Other reason, please describe. _____

Part G. ATTACH A STATEMENT DESCRIBING THE FACTS, REASONS AND STATUTORY BASIS RELIED UPON TO SUPPORT THE CLAIM, PURSUANT TO NAC 361.7012(6).

Part H. COUNTY APPEAL INFORMATION

County in which appeal was heard:	County Case Number:	Date Heard by County:
-----------------------------------	---------------------	-----------------------

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.



 Petitioner Signature _____ Title _____ Date _____

STIPULATION



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDI
Governor

GEORGE KELES
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

January 21, 2026

Noelle Giacomino
KBX Logistics, LLC
1930 Village Center Circle Suite 3-442
Las Vegas, NV 89134

Re: KBX Logistics, LLC
Case # 26-103

After consideration of additional information provided by the Respondent, the Petitioner and Respondent hereby agree that valuation for the 2025-2026 unsecured property tax roll shall be revised as shown below.

2025-2026 UNSECURED ROLL	<u>Original Value</u>	<u>Revised Value</u>
Assessed Value	\$ 8,674.99	\$ 8,710.01

The parties request that the State Board of Equalization approve the revised values stated above.

Sorin G. Popa
Supervisor – Centrally Assessed Properties

Noelle Giacomino
Director

01/23/2026
Date

1/21/26
Date

SBE NOTICE OF HEARING



STATE OF NEVADA

JOE LOMBARDO
Governor

DEPARTMENT OF TAXATION

GEORGE KELESIS
Chair, Nevada Tax Commission

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

SHELLIE HUGHES
Executive Director

March 2, 2026

NOTICE OF HEARING

**HAND DELIVERED –
PETITIONER:**

Sorin Popa, Supervisor
NV Dept of Taxation/ LGS
Centrally Assessed Properties
3850 Arrowhead Drive
Carson City, NV 89706

**CERTIFIED MAIL – 9489 0090 0027 6614 2989 76
RESPONDENT:**

KBX Logistics, LLC
Attn: Noelle Giacomino
1930 Village Center Circle Suite 3-442
Las Vegas, NV 89134

DATE/TIME: Monday, March 23, 2026 at 9:00am

**PLACE: Nevada Legislative Counsel Bureau
401 South Carson Street, Room 2135
Carson City, Nevada 89701**

**Nevada Legislative Counsel Bureau
7230 Amigo Street, LV Committee Room 3
Las Vegas, Nevada 89119**

ZOOM

**Meeting ID: 872 7278 4558
Or Telephone: 888-475-4499**

It is each taxpayer's or his representative's responsibility to be present when the case is called.

Legal Authority and Jurisdiction of the State Board Of Equalization: NRS 361.403

BRIEF STATEMENT OF MATTER: Appeal from the action of the Nevada Department of Taxation taken pursuant to NRS 361.320

Case No: 26-103 Parcel No: N/A Assessment Appealed: 25-26 Unsecured Roll

The State Board of Equalization (State Board) will hear the Petitioner's appeal at the time and place stated above. Please be aware that the time is approximate and although you may be assured the appeal will not be heard prior to the stated time, be prepared for possible delays as several appeals are scheduled at the same time. If the taxpayer or his representative is not present when his hearing is called, the State Board will invoke the requirements of NRS 361.385 and NAC 361.708(4). The State Board may (a) proceed with the hearing; (b) dismiss the proceeding with or without prejudice; or (c) recess the hearing for a period to be set by the State Board to enable the party to attend.

This matter may be heard as part of the Consent Agenda. The State Board will review all items on the Consent Agenda unless a member of the Board, the Attorney General's office, the Department of Taxation (Department) or the public wishes to speak in regard to a certain issue, in which case the State Board may, in its discretion, pull the item from the Consent Agenda.

Please be aware the State Board will limit its consideration to the issues and contentions set forth in the petition. Other issues may be heard if the requirements of NAC 361.745 are met.

Information regarding the rules of practice and procedure before the State Board are on the attached information sheet.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this hearing should notify the Department at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the hearing room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Kari Skalsky at **775-684-2160** at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request through stateboard@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Kari Skalsky al 775-684-2160 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de stateboard@tax.state.nv.us.

If you have any questions, please call (775) 684-2160.

Shellie Hughes
Secretary to the State Board of Equalization

By: 
Kari Skalsky
Management Analyst III, Boards and Commissions
Department of Taxation

March 11, 2026

Dear State Board of Equalization:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6614 2989 76.

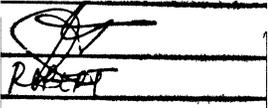
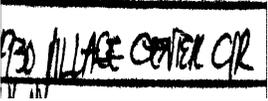
Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	March 5, 2026, 11:07 am
Location:	LAS VEGAS, NV 89134
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	1lb, 6.4oz
----------------	------------

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

SBE Case No. 26-104



Taxpayer Petition for DIRECT Appeal

If you have questions about this form or the appeal process, please call: (775) 684-2160.

Email completed form to: stateboard@tax.state.nv.us.

Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706.

Please Print or Type:

Part A. PROPERTY OWNER AND PETITIONER INFORMATION

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
NAME OF PETITIONER (IF DIFFERENT THAN PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- Sole Proprietorship Trust Corporation
- Limited Liability Company (LLC) General or Limited Partnership Government or Governmental Agency
- Other, please describe: _____

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. Yes No

Part C. RELATIONSHIP OF PETITIONER TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: Additional information may be necessary.

- Self Trustee of Trust Employee of Property Owner
- Co-owner, partner, managing member Officer of Company
- Employee or Officer of Management Company
- Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
- Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS	STREET/ROAD	CITY (IF APPLICABLE)	COUNTY
---------	-------------	----------------------	--------

2. Enter Applicable APN or Account Number from Assessment Notice or Tax Bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER	PROPERTY IDENTIFICATION NUMBER (PIN)-MINES
--------------------------------	----------------	--

3. Does this appeal involve multiple parcels? Yes No *List multiple parcels on a separate, letter-sized sheet.*

If yes, enter number of parcels: _____	Multiple parcel list is attached. <input type="checkbox"/>
--	--

4. Check Property Type:

<input type="checkbox"/> Vacant Land	<input type="checkbox"/> Mobile Home (Not on foundation)	<input type="checkbox"/> Mining Property
<input type="checkbox"/> Residential Property	<input type="checkbox"/> Commercial Property	<input type="checkbox"/> Industrial Property
<input type="checkbox"/> Multi-Family Residential Property	<input type="checkbox"/> Agricultural Property	<input type="checkbox"/> Personal Property
<input type="checkbox"/> Possessory Interest in Real or Personal Property		

5. Check Year and Roll Type of Assessment Being Appealed:

<input type="checkbox"/> 2026-2027 Secured Roll	<input type="checkbox"/> 2025-2026 Unsecured Roll	<input type="checkbox"/> 2025-2026 Supplemental Roll
<input type="checkbox"/> 2026-2027 Centrally-Assessed Roll	<input type="checkbox"/> 2025-2026 Net Proceeds Roll	

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

Part E. VALUE OF PROPERTY

Property Type	As established by County Assessor or Department of Taxation		Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed.	
	Taxable Value	Assessed Value	Taxable Value	Assessed value
Land				
Buildings				
Personal Property				
Possessory interest in real property				
Centrally-assessed properties				
Net Proceeds of Minerals				
Total				

For Clerk Use Only: 26-104

Part F. TYPE OF APPEAL

Check box which best describes the authority of the State Board to take jurisdiction to hear the appeal.

NRS 361.360(3): The value of real or personal property is being appealed, but the appeal could not be heard by a county board of equalization because the real or personal property was placed on the unsecured tax roll after December 15.

NRS 361A.240(2)(b): The value of open-space property is being appealed, but the appeal could not be heard by a county board of equalization because the under-or-over valuation of open-space use assessment was placed on the unsecured tax roll after December 15.

NRS 361A.273(2): This is an appeal of a determination that agricultural property has been converted to a higher use and for valuations for deferred tax years; the notice of conversion from the assessor was received after December 16 and before July 1.

NRS 361.403: This is an appeal regarding the undervaluation, overvaluation or non-assessment of property by the Nevada Tax Commission (centrally-assessed utility, transportation or mine properties).

NRS 362.135: This is an appeal of the certification of Net Proceeds of Minerals Tax by the Department of Taxation.

This is an appeal of the denial of exemption of real or personal property by Department of Taxation

Other reason, please describe. _____

Part G. ATTACH A STATEMENT DESCRIBING THE FACTS, REASONS AND STATUTORY BASIS RELIED UPON TO SUPPORT THE CLAIM, PURSUANT TO NAC 361.7012(6).

Part H. AUTHORIZATION OF AGENT *Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the State Board.*

I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

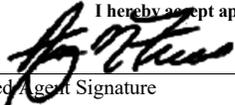
I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

 _____
 Authorized Agent Signature Title Date

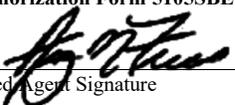
VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H above is completed, I further certify I have authorized each agent named therein to represent the Property Owner as stated and I have the authority to appoint each agent named in Part H.

 Petitioner Signature Title Date

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the State Board subject to the requirements of NRS 361.362 and NAC 361.7018 and the limitations contained in the Agent Authorization Form 5105SBE to be separately submitted.

 _____
 Authorized Agent Signature Title Date

American Airlines

Valuation Analysis Related to American Airlines Aircraft for Property Tax Purposes Fleet Summary

As of January 1, 2025

\$ Millions

Aircraft Type	Count	APG (W/S)	APG (CMV)	APG (CBV)	Fleet Adj.	Airframe Adj.	Engine 1 Adj.	Engine 2 Adj.	Subtotal FMV	Func. Obs.	Econ. Obs.	S/W Adj.	FMV
A319-100	133	1,156	1,314	1,195	925	(44)	(22)	(20)	840	—	(34)	(106)	699
A320-200	48	435	484	451	348	(7)	(9)	(9)	324	—	(8)	(40)	276
A321-200	218	4,870	4,970	4,655	3,896	(122)	(67)	(53)	3,655	—	(16)	(448)	3,191
A321neo	82	3,410	3,789	3,664	2,728	(2)	—	—	2,726	—	—	(314)	2,412
B737-800	303	5,567	6,051	5,590	4,453	(66)	(187)	(181)	4,020	—	(110)	(512)	3,397
B737-8 Max	65	2,751	2,837	2,751	2,201	(2)	—	—	2,199	—	—	(253)	1,946
B777-200ER	47	441	490	518	353	(3)	(56)	(51)	243	—	(113)	(41)	90
B777-300ER	20	962	1,069	1,188	770	(3)	—	—	766	—	(48)	(88)	630
B787-800	37	2,670	2,810	2,946	2,136	(3)	—	—	2,133	—	(61)	(246)	1,827
B787-900	22	1,797	1,892	1,938	1,438	(4)	—	—	1,433	—	(36)	(165)	1,232
Subtotal Mainline Fleet	975	24,059	25,705	24,896	19,248	(256)	(340)	(313)	18,338		(425)	(2,213)	15,699
Fair Market Value of Mainline Fleet (rounded)													15,699
E170	43	223	235	247	178	(1)	(8)	(8)	162	—	(10)	(21)	131
E175	123	2,131	2,243	2,243	1,705	(14)	(52)	(52)	1,586	—	(28)	(196)	1,362
Subtotal Envoy Fleet	166.0	2,354	2,478	2,490	1,883	(15)	(60)	(60)	1,748		(38)	(217)	1,493
Totals	1,141.0	26,413.5	28,182.8	27,386.5	21,131	(271)	(400)	(373)	20,086		(463)	(2,430)	17,192
Fair Market Value of AA (Mainline) Fleet (rounded)													15,699
Fair Market Value of Envoy Fleets (rounded)													1,493
Capitalization of Income Loss Method - Economic Obsolescence													48.37%
Final Value Mainline													8,105
Final Value Envoy													771

APG Limitations: Half-Time Utilization Adjustments

Half-time condition: aircraft must be adjusted to account for actual maintenance cycles of their components. Maintenance cycles may be impacted by utilization affecting total flight hours, timing and completion of maintenance programs, age issues (very young or very old may not track closely to half time theory) and aircraft under lease as the value of leases are often based upon the maintenance status.

Maintenance schedules are set by original equipment manufacturers, regulated by the federal aviation regulation (FAA), and managed by the aircraft operators. Furthermore, airworthiness directives issued by the FAA, along with service bulletins (SBs) issued by the OEMs, need to be considered in the valuation process, as failure to meet and maintain these continuing airworthiness instructions. Aircraft components undergo different types of maintenance checks, which are scheduled at varying intervals based on flight hours, flight cycles (takeoffs and landings), or calendar time. Maintenance intervals costs are dependent on each airframe and engine, the below table summarizes the wide ranges for each:

Maintenance Event	Maintenance Interval	Maintenance Cost
Airframe (C Check)	18 to 72 months 5,000 to 6,000 flight hours	\$70,000 to \$650,000
Airframe (Heavy Check)	72 to 144 months 20,000 to 40,000 flight hours	\$250,000 to \$2,390,000
Engine (Shop Visit)	2,400 to 13,000 cycles	\$950,000 to \$6,700,000
Engine (LLP Disk Stack)	15,000 to 23,333 cycles	\$1,350,000 to \$11,140,000

Values should be adjusted to “real world value” where information is available as this information would be considered by a willing buyer/willing seller in an open market transaction to establish the value of the aircraft.

Our valuation methodology addresses adjustments for American Airline’s aircraft’s airframe and individual engine condition, using a structured matrix to align values with actual time and cycles remaining. While published base values from the Airliner Price Guide (APG) reflect aircraft in half-time condition, aircraft and engine maintenance profiles vary significantly in reality. That is, a particular airframe or engine at a given measurement date may be under half-time or over half-time. As such, applying a standardized base value without condition-based modification would misrepresent market behavior and result in an inaccurate value conclusion.

To calculate these half-time adjustments, we used American Airline’s-specific data detailing all aircraft departures and landings for calendar year 2024. Each departure is used as a proxy for an engine cycle—representing a full takeoff and landing event—and therefore a discrete unit of mechanical usage. To estimate utilization for prior years, we referenced data from the historical Board of Transportation and used historic growth rates for the U.S domestic market to extrapolate historical (i.e., pre-2024) cycles for each aircraft. These year-over-year departure changes provide a transparent and defensible means of modeling historical cycles for multi-year operator data.

Once the estimated cycles were determined, each engine was valued relative to the midpoint assumption embedded in the APG base values. Airframes and engines with lower-than-expected cycles remaining were adjusted downward. These condition-based modifiers are applied to each airframe and engine individually and reflected in the subtotal fair market value (FMV) prior to any external deductions.

This approach enables a more precise reflection of engine value by grounding the analysis in estimated real world operational data while maintaining alignment with industry standards for fair market valuation.

Example Calculation

\$ Millions

Tail Number

N772XF

APG (Fleet Adj.)
\$ 5.33

FMV
\$ 2.78

P-Tax
Challenge

Fair Market Value

Airframe	Notes:	Airframe	Engine 1	Engine 2
Aircraft Type / Engine Make		A319-100	CFM56-5B5/P	CFM56-5B5/P
Manufacture Date		6/30/2003		
Total Time Since New (Months [A/C], Cycles [Engines])		258	56,018	56,018
Maintenance Event 1 Compliance Interval	✓ (1)	72	17,500	17,500
Last Maintenance Event 1	✓ (1)	216	52,500	17,500
Next Maintenance Event 1	✓ (1)	288	70,000	46,666
Maintenance Event 1% Percentage (Over) Under Haltin	✓ (1)	-8.43%	-31.03%	-32.17%
Maintenance Event 1 Cost	✓ (1)	\$0.65	\$2.50	\$2.50
Maintenance Event 1 Adjustment	✓ (1)	(\$0.05)	(\$0.78)	(\$0.80)
Maintenance Event 2 Compliance Interval	✓ (2)	144	23,333	23,333
Last Maintenance Event 2	✓ (2)	144	23,333	23,333
Next Maintenance Event 2	✓ (2)	288	46,666	46,666
Maintenance Event 2% Percentage (Over) Under Haltin	✓ (2)	-29.22%	14.23%	13.37%
Maintenance Event 2 Cost	✓ (2)	\$1.85	\$2.20	\$2.20
Maintenance Event 2 Adjustment	✓ (2)	(\$0.54)	\$0.31	\$0.29
Functional Obsolescence	✓ (3)	\$0.00	\$0.00	\$0.00
CORSIA	✓ (4)	N/A	(\$ 0)	(\$ 0)
SAF	✓ (4)	N/A	(\$ 0)	(\$ 0)
EU ETS	✓ (4)	N/A	-	-
Software	✓ (3)	(\$ 0)	(\$ 0)	(\$ 0)
Subtotal Adjustments		\$ (0.80)	\$ (0.85)	\$ (0.90)

Fleet Discount

The first appropriate adjustment to the APG wholesale value is the application of a fleet or multi-sale discount. This discount accounts for the fact that buyers purchasing multiple units of an asset can typically negotiate a lower per-unit price than buyers acquiring a single unit. Sellers, in turn, are often willing to accept a reduced price to complete a larger transaction involving multiple assets.

While the APG wholesale value is intended for transactions involving three or more aircraft, it does not automatically include a fleet discount. As noted in the Airliner Price Guide (APG), page 17:

“The Wholesale Values (W/S), as provided in the Airliner Price Guide (APG), are just a starting point in determining values for transactions with three or more aircraft... When selling or purchasing four or more aircraft, the following method should be utilized to determine the complete W/S.” [A numerical example with a fleet discount is then provided.]

AA’s fleets as of 1/1/2025 consists of 1,141 aircraft (see Table 1) between AA and Envoy, applying a fleet discount to the APG wholesale value is both necessary and appropriate.

Table 1

Aircraft Type	Count
A319-100	133
A320-200	48
A321-200	218
A321neo	82
B737-800	303
B737-8 Max	65
B777-200ER	47
B777-300ER	20
B787-800	37
B787-900	22
Subtotal Mainline Fleet	975
E170	43
E175	123
Subtotal Envoy Fleet	166.0
Totals	1,141.0

Following our discussion with Quentin Brasie of APG, he agreed—briefly summarized—to consider the valuation from a manufacturer-level perspective rather than by individual aircraft model. In other words, if an operator were to place an order for multiple aircraft across different models from a single manufacturer, such as Airbus or Boeing, the fleet discount would apply to the entire order, not just to one model type.

Therefore, theoretically, although only one A319-100 is being purchased alongside forty A320-200s, the full 20% fleet discount would still apply to the A319-100 as part of the broader multi-aircraft acquisition from the same manufacturer.

The formula APG provides is intended as a guideline or example, not a universal valuation method. It helps illustrate how values might adjust in *small multi-aircraft transactions*, but it's not designed for large, diverse, or complex fleet valuations.

The 20% APG fleet discount is a conservative approach for valuing a fleet of 1,141 aircraft due to the extraordinary scale of the transaction. Such a large acquisition provides the buyer with significant negotiating power, far beyond what is assumed in APG’s standard multi-aircraft scenarios. The discount APG illustrates is intended for small fleet deals—typically three to ten aircraft—and is not meant to reflect the pricing dynamics of near-megadeals. In real-world large fleet transactions, especially those involving dozens or hundreds of aircraft, discounts often exceed 30–40% due to economies of scale, reduced transaction friction, and bundled service agreements. A sale involving nearly 1,000 aircraft would dramatically impact market supply and liquidity, further justifying a deeper discount to ensure successful placement and absorption. APG itself notes that wholesale values and fleet discounts are starting points, not strict rules, and encourages market-based judgment for larger or more complex transactions. Therefore, relying solely on the 20% discount would materially overstate the fleet's value and fail to reflect current market realities.

Emissions Sustainability Compliance (CORSA, SAF, EU ETS) and Economic Obsolescence

The second component of our model addresses the expected costs that commercial airline operators will incur to comply with three major sustainability frameworks: CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), Sustainable Aviation Fuel (SAF) mandates and adoption trends, and the EU Emissions Trading System (EU ETS). These cost projections are developed over a ten-year horizon, discounted to present value, and then applied to the valuation model as a single year of economic obsolescence (EO) for each aircraft engine evaluated. These costs are taken as a EO because the APG market prices of aircraft do not reflect the market prices – meaning there is regulatory lag. As the market establishes fees dictated by regulatory bodies, it will put downward pressure on aircraft that contribute negatively to incurring these fees against aircraft that do not.

The model estimates annual fuel burn and CO₂ emissions based on typical flight hours and burn rates for each engine. CORSIA-related costs are calculated using ICAO¹ benchmark pricing, which remains highly variable—ranging from under \$2 to over \$20 per metric ton of CO₂, depending on the credit type and enforcement maturity. SAF costs are estimated based on current Jet-A pricing and known market premiums for SAF, which can exceed \$1,000 per ton of fuel, particularly in Europe where logistics, certification, and supply constraints still apply. For EU ETS, the model assumes a carbon price of \$100/ton and applies a 25% exposure factor, acknowledging that not all aircraft operations are currently subject to the EU compliance regime.

Importantly, while the cost components are calculated across a decade, only one year of discounted value is applied as EO. This reflects conservative valuation practice, acknowledging that regulatory uncertainty and the varying pace of adoption across jurisdictions make full recognition of future cost exposure difficult to justify. However, this also means that the model likely understates the long-run economic impact of sustainability mandates—especially in light of the European Commission’s ongoing expansion of EU ETS coverage and the broadening applicability of CORSIA post-2027.

The SAF component in particular may need periodic reassessment. While our model currently uses market-average premiums and broad compatibility categories, recent SAF procurement briefs from IATA and others highlight the need to account for significant pricing variability tied to fuel pathways (e.g., HEFA vs. PtL), contract structures (spot vs. offtake), and geographic delivery differences. Similarly, recent EU policy developments suggest a growing likelihood of higher effective EU ETS exposure over time, which is not fully reflected in the flat 25% assumption.

AA’s Sustainability Report for 2023 references the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) that regulates emissions from international aviation, and that American has endorsed its goal of achieving carbon-neutral growth in emissions after 2019. Airlines and other aircraft operators will offset any growth in CO₂ emissions above a revised 2019 baseline established in the wake of the COVID-19 pandemic. In 2023, American and other airlines did not face offsetting obligations under CORSIA, as international flight volumes were still below pre-pandemic levels, but American expects to purchase carbon offsets to comply with the obligation for CORSIA’s first phase, which covers 2024–26 emissions (Page 26 AA 2023 Sustainability Report).

¹ ICAO (International Civil Aviation Organization) is a United Nations agency that sets global standards and policies for international air transport, including emissions regulations such as CORSIA. Cost values source: International Civil Aviation Organization (ICAO). *Analyses in Support of the 2022 CORSIA Periodic Review: Focus on Costs to States and Operators*. Presented by CAEP, 225th Council Session, Feb. 2022. Accessed from "4.1. CORSIA_FAQs at 225th Council Session.pdf".

Schedule 1

American Airlines, Group Inc.

Economic Obsolescence

Capitalization of Income Loss Method

Calculation of Adjusted Total Assets		Source
Current Asset	13,154	Schedule 2
American Airlines Inc Flight Equipment, Net	15,699	Market Value Summary
Envoy Aviation Group, Inc. Flight Equipment, Net	1,493	Market Value Summary
Subsidiary Aircraft Not Included Above	1,024	Flyaway schedule prepared by American Airlines Group Inc. [a]
Ground Property, Net	6,576	American Airlines Group Inc., Schedule of PP&E
Equipment Purchase and Deposits, Net	<u>1,012</u>	Schedule 2
Total Property and Equipment, Net	25,805	
Other Asset	12,243	Other Assets (Schedule 2) + Non-aircraft ROU Assets [b]
Adjusted Total Assets	<u><u>51,202</u></u>	Calculation (after FO but before EO)

Calculation of Normalized Net Operating Cash Flow		Source		
	Value	Weighted		
	\$000	Indication Weight		
		Value		
Actual 2024	4,806	30%	1,442	
Actual 2023	5,495	0%	-	Adjusted Fundamentals, Schedule 3
Actual 2022	3,816	0%	-	Adjusted Fundamentals, Schedule 3
Actual 2021	(1,398)	0%	-	Adjusted Fundamentals, Schedule 3
Projected 2025, Capital IQ	5,198	30%	1,559	Projections, Schedule 4
Projected 2025,			-	Projections, Schedule 4
Weighted 3-Year Average	4,870	0%	-	Adjusted Fundamentals, Schedule 3
5-Year Average	<u>1,327</u>	<u>40%</u>	<u>531</u>	Adjusted Fundamentals, Schedule 3
Selected Normalized Net Operating Cash Flow		<u>1.00</u>	<u>3,532</u>	

Calculation of Economic Obsolescence		Source
Selected Normalized Net Operating Cash Flow	3,532	From above
Adjusted Total Assets	<u>51,202</u>	From above
Return on Total Assets	6.9%	
Return on Total Assets	6.9%	
Weighted Average Cost of Capital (WACC)	<u>13.36%</u>	Passenger Airlines discount rate in 2025 OK draft cap rate study
Indicated Economic Obsolescence	<u>48.37%</u>	Calculation

Definitions

EO = Economic Obsolescence

FO = Functional Obsolescence

PP&E = Property, Plant, and Equipment

WACC = Weighted Average Cost of Capital

[a] Values equals the APG wholesale value less fleet discount for PSA and Piedmont Airlines

[b] Right of use assets are operating leased assets and primarily include commercial real estate. Operating lease aircraft are excluded from this total because their value is included above. Value is from the company's detailed balance sheet.

Capitalization of Income Loss Method

This method compares an actual return measure (e.g., return on assets) with a required return measure (e.g., the Weighted Average Cost of Capital (WACC)). Economic obsolescence was estimated by using financial data for American Airlines Group, Inc. (“AAG”). As AAG is the holding company that owns American Inc. and Envoy, the results of American and AAG are substantially the same and consolidated data is readily available to the public and by focusing on AAG, results in a lower obsolescence percentage than if taken separately. Investors making an investment in any asset are more concerned with the expected future cash flow than the historical cash flow. The historical cash flow is relevant to the extent it can provide information about the future. We believe the COVID pandemic qualifies as an extraordinary event and should be considered in an assessment as of January 1, 2025 but adjusted by the weighting to normalize the severity. The commercial airline industry is a “boom and bust” industry and “busts” are proven and normalized. However, the degree of a bust is not consistent, therefore this period was considered and included but not weighted heavily or independently. The focus on future cash flows is based upon historic actual 2024 cash flows, projected 2025 cash flows from Capital IQ and the historic 5 year average (to account for the boom/bust cycle). The projections from Capital IQ were dated March 2025 and incorporate market and regulatory risk known as of the January 1, 2025 lien date. AAG’s revenue is estimated to increase in 2025 by a~1%, but EBITDA is estimated to decrease from 2024. This is consistent with the 1st quarter earnings call and AAG’s public statements about holding back issued “earning” projections, noting they are in a period of “uncertainty”. This uncertainty is a result of softened demand and over capacity around sale and distribution expectations from 2024. AAG’s stock price is below COVID levels with some of the risks associated with the industry and AAG noted below:

- I. Operational Risks
 - a. Aircraft Accidents or Incidents: Even rare events can damage brand reputation and result in massive legal/liability costs.
 - i. *Flight 5342 – American Eagle near Reagan National Airport crash in January of 2025, impacting demand*
 - b. Maintenance & Technical Failures: Groundings due to mechanical or software issues (e.g., Boeing 737 MAX) can disrupt operations
 - i. *Microsoft/Crowdstrike caused a global IT outage resulting in lost production with the grounding of aircraft*
 - ii. *Aging Fleet Mix: American has a mixed fleet, including older aircraft with higher maintenance and fuel costs*
 - iii. *Hub Dependency: DFW (TX) and CLT (NC) – large dependency for revenue production on two major hubs*
 - c. Crew and Staffing Shortages: Pilot or crew shortages, strikes, or union disputes can reduce capacity and cause cancellations
 - i. *AA CEO Robert Ison, earnings and May 2025 Global Transportation conference states this continues to impact operations*
 - d. Route Network Disruptions: Weather events, volcanic eruptions, or geopolitical issues can suspend key routes.
 - i. *FAA suspended flights at Newark which is impacting carriers operating through this hub*
- II. Financial Risks
 2. Fuel Price Volatility: Fuel is often 20–30% of operating costs. Price swings have a direct impact on margins.
 - a. Debt Load: Many airlines operate with high leverage; downturns can quickly strain liquidity
 - i. *American has one of the highest debt levels in the airline industry, a legacy of both pre- and post-COVID financing. This limits flexibility and increases interest expense.*
 - ii. *Cash Flow Sensitivity: Margins are thin and volatile; any downturn in demand or rise in fuel costs can quickly affect liquidity.*
 - iii. *AA posted a Q1 net loss of \$473MM, a deeper loss than \$312MM in 2024 Q1*

- iv. *AA has a negative debt to equity ratio of -6.53 indicating that its liabilities (including debt) exceed its equity. This means that the company's total debt obligations are greater than the value of its assets remaining after liabilities are subtracted.*
- v. *AAL's financial metrics indicate that its **leverage is elevated** and is a massive negative for its shareholders. The long-term debt burden of the company stood at \$25.2 billion at the end of 2024, which translates into a debt-to-capitalization of 94.9% which is above the sub-industry's 54.2%.*
- c. **Currency Fluctuations:** Exposure to multiple countries creates exchange rate risks.
- d. **Credit Risk:** Decline in consumer demand or corporate travel budgets can hurt revenues significantly.
- e. **Stock Price:**
 - i. *Current stock price is trading at below “pre-Covid 19 levels”. In mid-February 2019, AAG was trading at ~\$30 and dropped to ~\$13 by mid-March 2020. It is currently at ~\$11 and was at \$16 around 1/1/2025*
 - ii. *Factors such as high debt levels, increased operating costs, and competitive pressures continue to influence its stock performance*
 - iii. *AAG was removed from the S&P 500 index last year due to the drastic erosion in its market cap and was added to the S&P Mid Cap 400 Index*

III. Regulatory & Compliance Risks

- a. **Environmental Regulations:** New emissions standards or carbon taxes (e.g., EU ETS) can increase costs. Pressure to reduce carbon emissions may increase operating costs and require expensive fleet upgrades.
- b. **Safety & Security Regulations:** Compliance with FAA, EASA, and ICAO standards requires continual investment.
- c. **Antitrust/Competition Law:** Mergers, alliances, or pricing coordination may trigger regulatory scrutiny.

IV. Market Risks

- a. **Demand Cyclicity:** Airlines are highly sensitive to economic downturns and discretionary spending.
 - i. *Business travel, a key revenue segment, has not fully recovered post-COVID and may remain structurally lower due to remote work trends.*
 - ii. *Main cabin revenue is down – AA pulled financial guidance for the remainder of 2024 – year of “uncertainty”*
 - iii. *Summer travel demand expected to be down*
 - iv. *Domestic RASM is down – capacity increased in 2024 to pre Covid levels and was believed to be stabilized but demand dropped and growth projections were downsized to less than 2%*
- b. **Competitive Pressure:** Low-cost carriers (LCCs) can compress fares and margins.
- c. **Fleet Obsolescence:** Failure to modernize fleets can increase operating costs and reduce competitiveness.

V. External & Systemic Risks

- a. **Pandemics/Public Health Crises:** COVID-19 drastically impacted air travel, grounding fleets for months.
- b. **Geopolitical Tensions:** Airspace closures, war zones, or sanctions can alter routes and increase costs.
- c. **Terrorism & Security Threats:** These can affect traveler confidence and increase airport security costs.
- d. **Climate Change:** More frequent extreme weather events can increase operational disruptions

Considering the above we selected a normalized income of \$3,532 million.

We estimate AAG adjusted total assets to include other current and noncurrent AAG assets, flight equipment for both American and Envoy, ground equipment and the net book value of aircraft operated by other AAG subsidiaries. Based upon the normalized net operating cash flow and adjusted total assets, the normalized return on total assets equals 6.9%. By comparing the normalized return on total assets to the airline industry WACC of 13.36%, we identify economic obsolescence of 48.37%. The airline industry WACC is the passenger airline WACC issued in the 2025 Capitalization Rate Study, prepared by the Oklahoma Tax Commission. It is our opinion this is a reasonable WACC for AAG.

AGENT AUTHORIZATION



Nevada State Board of Equalization
Agent Authorization Form

If you have questions about this form or the appeal process, please call: (775) 684-2160.
 Email completed form to: stateboard@tax.state.nv.us.
 Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER LISTED IN PART A):				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: Natural persons may skip Part B.

- Sole Proprietorship Trust Corporation
 Limited Liability Company (LLC) General or Limited Partnership Government or Governmental Agency
 Other, please describe: _____

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. Yes No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: Additional information may be necessary.

- Self Trustee of Trust Employee of Property Owner
 Co-owner, partner, managing member Officer of Company
 Employee or Officer of Management Company
 Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
 Other, please describe: _____

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter Applicable Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER	PROPERTY IDENTIFICATION NUMBER (PIN)-MINES
--------------------------------	----------------	--

Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED:

<input type="checkbox"/> 2026-2027 Secured Roll	<input type="checkbox"/> 2025-2026 Unsecured Roll	<input type="checkbox"/> 2025-2026 Supplemental Roll
<input type="checkbox"/> 2026-2027 Centrally-assessed Roll	<input type="checkbox"/> 2025-2026 Net Proceeds Roll	

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

For clerk use only 26-104

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of this document.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.



 Authorized Agent Signature _____ Title _____ Date _____

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature _____ Title _____ Date _____

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized each agent named herein to represent the Property Owner as stated and I have the authority to appoint each agent named herein.



 Property Owner / Petitioner Signature _____ Title _____ Date 1/16/2026

STIPULATION



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDO
Governor

GEORGE KELESIS
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

February 26, 2026

Amy Frees, Agent
American Airlines, Inc.
333 Bush Street, Suite 1700
Sand Francisco, CA 94104

Re: American Airlines, Inc. Appeal to the State Board of Equalization
Case # 26-104

After consideration of additional information provided by the Petitioner, the Petitioner and Respondent hereby agree that valuation for the 2026-2027 secured property tax roll shall be revised.

Table with 3 columns: 2026-2027 SECURED ROLL, Original Value, Revised Value. Rows include System Value and Assessed Value.

The parties request that the State Board of Equalization approve the revised values stated above.

Handwritten signature of Sorin G. Popa

Sorin G. Popa
Supervisor – Centrally Assessed Properties

Handwritten signature of Amy Frees

Amy Frees

02/26/2026
Date

2/26/2026
Date

SBE NOTICE OF HEARING



STATE OF NEVADA

JOE LOMBARDO
Governor

DEPARTMENT OF TAXATION

GEORGE KELESIS
Chair, Nevada Tax Commission

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

SHELLIE HUGHES
Executive Director

March 2, 2026

NOTICE OF HEARING

**HAND DELIVERED –
PETITIONER:**

Sorin Popa, Supervisor
NV Dept of Taxation/ LGS
Centrally Assessed Properties
3850 Arrowhead Drive
Carson City, NV 89706

**CERTIFIED MAIL – 9489 0090 0027 6614 2985 87
RESPONDENT:**

American Airlines, Inc.
Attn: Patrick C. Smith
1 Skyview Drive, MD 8B401
Fort Worth, TX 76155

DATE/TIME: Monday, March 23, 2026 at 9:00am

**PLACE: Nevada Legislative Counsel Bureau
401 South Carson Street, Room 2135
Carson City, Nevada 89701**

**Nevada Legislative Counsel Bureau
7230 Amigo Street, LV Committee Room 3
Las Vegas, Nevada 89119**

ZOOM

**Meeting ID: 872 7278 4558
Or Telephone: 888-475-4499**

It is each taxpayer's or his representative's responsibility to be present when the case is called.

Legal Authority and Jurisdiction of the State Board Of Equalization: NRS 361.403

BRIEF STATEMENT OF MATTER: Appeal from the action of the Nevada Department of Taxation taken pursuant to NRS 361.320

Case No: 26-104 Acct No: 0076 Assessment Appealed: 26-27 Centrally- Assessed

The State Board of Equalization (State Board) will hear the Petitioner's appeal at the time and place stated above. Please be aware that the time is approximate and although you may be assured the appeal will not be heard prior to the stated time, be prepared for possible delays as several appeals are scheduled at the same time. If the taxpayer or his representative is not present when his hearing is called, the State Board will invoke the requirements of NRS 361.385 and NAC 361.708(4). The State Board may (a) proceed with the hearing; (b) dismiss the proceeding with or without prejudice; or (c) recess the hearing for a period to be set by the State Board to enable the party to attend.

This matter may be heard as part of the Consent Agenda. The State Board will review all items on the Consent Agenda unless a member of the Board, the Attorney General's office, the Department of Taxation (Department) or the public wishes to speak in regard to a certain issue, in which case the State Board may, in its discretion, pull the item from the Consent Agenda.

Please be aware the State Board will limit its consideration to the issues and contentions set forth in the petition. Other issues may be heard if the requirements of NAC 361.745 are met.

Information regarding the rules of practice and procedure before the State Board are on the attached information sheet.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this hearing should notify the Department at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the hearing room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Kari Skalsky at **775-684-2160** at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request through stateboard@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Kari Skalsky al 775-684-2160 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de stateboard@tax.state.nv.us.

If you have any questions, please call (775) 684-2160.

Shellie Hughes
Secretary to the State Board of Equalization

By: 
Kari Skalsky
Management Analyst III, Boards and Commissions
Department of Taxation

CERTIFIED MAIL – 9489 0090 0027 6614 2985 70
RESPONDENT AGENT:
Andersen
Attn: Amy Frees
333 Bush Street, Suite 1700
San Francisco, CA 94104

March 11, 2026

Dear State Board of Equalization:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6614 2985 87.

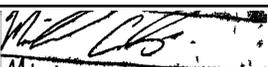
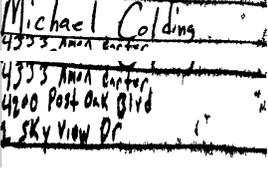
Item Details

Status: Delivered, Left with Individual
Status Date / Time: March 6, 2026, 9:36 am
Location: FORT WORTH, TX 76155
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic

Shipment Details

Weight: 1lb, 12.4oz

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

March 11, 2026

Dear State Board of Equalization:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6614 2985 70.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	March 5, 2026, 12:51 pm
Location:	SAN FRANCISCO, CA 94104
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	1lb, 8.3oz
----------------	------------

Recipient Signature

Signature of Recipient:

Address of Recipient:



Andersen
Attn Amy Frees
333 Bush Street, Suite 17C
San Francisco, CA 94104

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

SBE Case No. 26-105



Taxpayer Petition for DIRECT Appeal

If you have questions about this form or the appeal process, please call: (775) 684-2160.

Email completed form to: stateboard@tax.state.nv.us.

Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706.

Please Print or Type:

Part A. PROPERTY OWNER AND PETITIONER INFORMATION

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
NAME OF PETITIONER (IF DIFFERENT THAN PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- Sole Proprietorship Trust Corporation
 Limited Liability Company (LLC) General or Limited Partnership Government or Governmental Agency
 Other, please describe: _____

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. Yes No

Part C. RELATIONSHIP OF PETITIONER TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: Additional information may be necessary.

- Self Trustee of Trust Employee of Property Owner
 Co-owner, partner, managing member Officer of Company
 Employee or Officer of Management Company
 Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
 Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS	STREET/ROAD	CITY (IF APPLICABLE)	COUNTY
---------	-------------	----------------------	--------

2. Enter Applicable APN or Account Number from Assessment Notice or Tax Bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER	PROPERTY IDENTIFICATION NUMBER (PIN)-MINES
--------------------------------	----------------	--

3. Does this appeal involve multiple parcels? Yes No *List multiple parcels on a separate, letter-sized sheet.*

If yes, enter number of parcels: _____	Multiple parcel list is attached. <input type="checkbox"/>
--	--

4. Check Property Type:

<input type="checkbox"/> Vacant Land	<input type="checkbox"/> Mobile Home (Not on foundation)	<input type="checkbox"/> Mining Property
<input type="checkbox"/> Residential Property	<input type="checkbox"/> Commercial Property	<input type="checkbox"/> Industrial Property
<input type="checkbox"/> Multi-Family Residential Property	<input type="checkbox"/> Agricultural Property	<input type="checkbox"/> Personal Property
<input type="checkbox"/> Possessory Interest in Real or Personal Property		

5. Check Year and Roll Type of Assessment Being Appealed:

<input type="checkbox"/> 2026-2027 Secured Roll	<input type="checkbox"/> 2025-2026 Unsecured Roll	<input type="checkbox"/> 2025-2026 Supplemental Roll
<input type="checkbox"/> 2026-2027 Centrally-Assessed Roll	<input type="checkbox"/> 2025-2026 Net Proceeds Roll	

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

Part E. VALUE OF PROPERTY

Property Type	As established by County Assessor or Department of Taxation		Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed.	
	Taxable Value	Assessed Value	Taxable Value	Assessed value
Land				
Buildings				
Personal Property				
Possessory interest in real property				
Centrally-assessed properties				
Net Proceeds of Minerals				
Total				

For Clerk Use Only: 26-105

Part F. TYPE OF APPEAL

Check box which best describes the authority of the State Board to take jurisdiction to hear the appeal.

NRS 361.360(3): The value of real or personal property is being appealed, but the appeal could not be heard by a county board of equalization because the real or personal property was placed on the unsecured tax roll after December 15.

NRS 361A.240(2)(b): The value of open-space property is being appealed, but the appeal could not be heard by a county board of equalization because the under-or-over valuation of open-space use assessment was placed on the unsecured tax roll after December 15.

NRS 361A.273(2): This is an appeal of a determination that agricultural property has been converted to a higher use and for valuations for deferred tax years; the notice of conversion from the assessor was received after December 16 and before July 1.

NRS 361.403: This is an appeal regarding the undervaluation, overvaluation or non-assessment of property by the Nevada Tax Commission (centrally-assessed utility, transportation or mine properties).

NRS 362.135: This is an appeal of the certification of Net Proceeds of Minerals Tax by the Department of Taxation.

This is an appeal of the denial of exemption of real or personal property by Department of Taxation

Other reason, please describe. _____

Part G. ATTACH A STATEMENT DESCRIBING THE FACTS, REASONS AND STATUTORY BASIS RELIED UPON TO SUPPORT THE CLAIM, PURSUANT TO NAC 361.7012(6).

Part H. AUTHORIZATION OF AGENT *Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the State Board.*

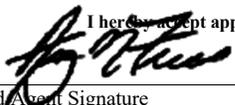
I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER



I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature _____ Title _____ Date _____

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H above is completed, I further certify I have authorized each agent named therein to represent the Property Owner as stated and I have the authority to appoint each agent named in Part H.

Petitioner Signature _____ Title _____ Date _____

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the State Board subject to the requirements of NRS 361.362 and NAC 361.7018 and the limitations contained in the Agent Authorization Form 5105SBE to be separately submitted.

Authorized Agent Signature _____ Title _____ Date _____

American Airlines

Valuation Analysis Related to American Airlines Aircraft for Property Tax Purposes Fleet Summary

As of January 1, 2025

\$ Millions

Aircraft Type	Count	APG (W/S)	APG (CMV)	APG (CBV)	Fleet Adj.	Airframe Adj.	Engine 1 Adj.	Engine 2 Adj.	Subtotal FMV	Func. Obs.	Econ. Obs.	S/W Adj.	FMV
A319-100	133	1,156	1,314	1,195	925	(44)	(22)	(20)	840	—	(34)	(106)	699
A320-200	48	435	484	451	348	(7)	(9)	(9)	324	—	(8)	(40)	276
A321-200	218	4,870	4,970	4,655	3,896	(122)	(67)	(53)	3,655	—	(16)	(448)	3,191
A321neo	82	3,410	3,789	3,664	2,728	(2)	—	—	2,726	—	—	(314)	2,412
B737-800	303	5,567	6,051	5,590	4,453	(66)	(187)	(181)	4,020	—	(110)	(512)	3,397
B737-8 Max	65	2,751	2,837	2,751	2,201	(2)	—	—	2,199	—	—	(253)	1,946
B777-200ER	47	441	490	518	353	(3)	(56)	(51)	243	—	(113)	(41)	90
B777-300ER	20	962	1,069	1,188	770	(3)	—	—	766	—	(48)	(88)	630
B787-800	37	2,670	2,810	2,946	2,136	(3)	—	—	2,133	—	(61)	(246)	1,827
B787-900	22	1,797	1,892	1,938	1,438	(4)	—	—	1,433	—	(36)	(165)	1,232
Subtotal Mainline Fleet	975	24,059	25,705	24,896	19,248	(256)	(340)	(313)	18,338		(425)	(2,213)	15,699
Fair Market Value of Mainline Fleet (rounded)													15,699
E170	43	223	235	247	178	(1)	(8)	(8)	162	—	(10)	(21)	131
E175	123	2,131	2,243	2,243	1,705	(14)	(52)	(52)	1,586	—	(28)	(196)	1,362
Subtotal Envoy Fleet	166.0	2,354	2,478	2,490	1,883	(15)	(60)	(60)	1,748		(38)	(217)	1,493
Totals	1,141.0	26,413.5	28,182.8	27,386.5	21,131	(271)	(400)	(373)	20,086		(463)	(2,430)	17,192
Fair Market Value of AA (Mainline) Fleet (rounded)													15,699
Fair Market Value of Envoy Fleets (rounded)													1,493
Capitalization of Income Loss Method - Economic Obsolescence													48.37%
Final Value Mainline													8,105
Final Value Envoy													771

APG Limitations: Half-Time Utilization Adjustments

Half-time condition: aircraft must be adjusted to account for actual maintenance cycles of their components. Maintenance cycles may be impacted by utilization affecting total flight hours, timing and completion of maintenance programs, age issues (very young or very old may not track closely to half time theory) and aircraft under lease as the value of leases are often based upon the maintenance status.

Maintenance schedules are set by original equipment manufacturers, regulated by the federal aviation regulation (FAA), and managed by the aircraft operators. Furthermore, airworthiness directives issued by the FAA, along with service bulletins (SBs) issued by the OEMs, need to be considered in the valuation process, as failure to meet and maintain these continuing airworthiness instructions. Aircraft components undergo different types of maintenance checks, which are scheduled at varying intervals based on flight hours, flight cycles (takeoffs and landings), or calendar time. Maintenance intervals costs are dependent on each airframe and engine, the below table summarizes the wide ranges for each:

Maintenance Event	Maintenance Interval	Maintenance Cost
Airframe (C Check)	18 to 72 months 5,000 to 6,000 flight hours	\$70,000 to \$650,000
Airframe (Heavy Check)	72 to 144 months 20,000 to 40,000 flight hours	\$250,000 to \$2,390,000
Engine (Shop Visit)	2,400 to 13,000 cycles	\$950,000 to \$6,700,000
Engine (LLP Disk Stack)	15,000 to 23,333 cycles	\$1,350,000 to \$11,140,000

Values should be adjusted to “real world value” where information is available as this information would be considered by a willing buyer/willing seller in an open market transaction to establish the value of the aircraft.

Our valuation methodology addresses adjustments for American Airline’s aircraft’s airframe and individual engine condition, using a structured matrix to align values with actual time and cycles remaining. While published base values from the Airliner Price Guide (APG) reflect aircraft in half-time condition, aircraft and engine maintenance profiles vary significantly in reality. That is, a particular airframe or engine at a given measurement date may be under half-time or over half-time. As such, applying a standardized base value without condition-based modification would misrepresent market behavior and result in an inaccurate value conclusion.

To calculate these half-time adjustments, we used American Airline’s-specific data detailing all aircraft departures and landings for calendar year 2024. Each departure is used as a proxy for an engine cycle—representing a full takeoff and landing event—and therefore a discrete unit of mechanical usage. To estimate utilization for prior years, we referenced data from the historical Board of Transportation and used historic growth rates for the U.S domestic market to extrapolate historical (i.e., pre-2024) cycles for each aircraft. These year-over-year departure changes provide a transparent and defensible means of modeling historical cycles for multi-year operator data.

Once the estimated cycles were determined, each engine was valued relative to the midpoint assumption embedded in the APG base values. Airframes and engines with lower-than-expected cycles remaining were adjusted downward. These condition-based modifiers are applied to each airframe and engine individually and reflected in the subtotal fair market value (FMV) prior to any external deductions.

This approach enables a more precise reflection of engine value by grounding the analysis in estimated real world operational data while maintaining alignment with industry standards for fair market valuation.

Example Calculation

\$ Millions

Tail Number

N772XF

APG (Fleet Adj.)
\$ 5.33

FMV
\$ 2.78

P-Tax
Challenge

Fair Market Value

Airframe	Notes:	Airframe	Engine 1	Engine 2
Aircraft Type / Engine Make		A319-100	CFM56-5B5/P	CFM56-5B5/P
Manufacture Date		6/30/2003		
<i>Total Time Since New (Months [A/C], Cycles [Engines])</i>		258	56,018	56,018
Maintenance Event 1 Compliance Interval	✓ (1)	72	17,500	17,500
Last Maintenance Event 1	✓ (1)	216	52,500	17,500
Next Maintenance Event 1	✓ (1)	288	70,000	46,666
<i>Maintenance Event 1%: Percentage (Over) Under Halftin</i>	(1)	-8.43%	-31.03%	-32.17%
Maintenance Event 1 Cost	✓ (1)	\$0.65	\$2.50	\$2.50
Maintenance Event 1 Adjustment	✓ (1)	(\$0.05)	(\$0.78)	(\$0.80)
Maintenance Event 2 Compliance Interval	✓ (2)	144	23,333	23,333
Last Maintenance Event 2	✓ (2)	144	23,333	23,333
Next Maintenance Event 2	✓ (2)	288	46,666	46,666
<i>Maintenance Event 2%: Percentage (Over) Under Halftin</i>	(2)	-29.22%	14.23%	13.37%
Maintenance Event 2 Cost	✓ (2)	\$1.85	\$2.20	\$2.20
Maintenance Event 2 Adjustment	✓ (2)	(\$0.54)	\$0.31	\$0.29
Functional Obsolescence	✓ (3)	\$0.00	\$0.00	\$0.00
CORSIA	✓ (4)	N/A	(\$ 0)	(\$ 0)
SAF	✓ (4)	N/A	(\$ 0)	(\$ 0)
EU ETS	✓ (4)	N/A	-	-
Software	✓ (3)	(\$ 0)	(\$ 0)	(\$ 0)
Subtotal Adjustments		\$ (0.80)	\$ (0.85)	\$ (0.90)

Fleet Discount

The first appropriate adjustment to the APG wholesale value is the application of a fleet or multi-sale discount. This discount accounts for the fact that buyers purchasing multiple units of an asset can typically negotiate a lower per-unit price than buyers acquiring a single unit. Sellers, in turn, are often willing to accept a reduced price to complete a larger transaction involving multiple assets.

While the APG wholesale value is intended for transactions involving three or more aircraft, it does not automatically include a fleet discount. As noted in the Airliner Price Guide (APG), page 17:

“The Wholesale Values (W/S), as provided in the Airliner Price Guide (APG), are just a starting point in determining values for transactions with three or more aircraft... When selling or purchasing four or more aircraft, the following method should be utilized to determine the complete W/S.” [A numerical example with a fleet discount is then provided.]

AA’s fleets as of 1/1/2025 consists of 1,141 aircraft (see Table 1) between AA and Envoy, applying a fleet discount to the APG wholesale value is both necessary and appropriate.

Table 1

Aircraft Type	Count
A319-100	133
A320-200	48
A321-200	218
A321neo	82
B737-800	303
B737-8 Max	65
B777-200ER	47
B777-300ER	20
B787-800	37
B787-900	22
Subtotal Mainline Fleet	975
E170	43
E175	123
Subtotal Envoy Fleet	166.0
Totals	1,141.0

Following our discussion with Quentin Brasie of APG, he agreed—briefly summarized—to consider the valuation from a manufacturer-level perspective rather than by individual aircraft model. In other words, if an operator were to place an order for multiple aircraft across different models from a single manufacturer, such as Airbus or Boeing, the fleet discount would apply to the entire order, not just to one model type.

Therefore, theoretically, although only one A319-100 is being purchased alongside forty A320-200s, the full 20% fleet discount would still apply to the A319-100 as part of the broader multi-aircraft acquisition from the same manufacturer.

The formula APG provides is intended as a guideline or example, not a universal valuation method. It helps illustrate how values might adjust in *small multi-aircraft transactions*, but it's not designed for large, diverse, or complex fleet valuations.

The 20% APG fleet discount is a conservative approach for valuing a fleet of 1,141 aircraft due to the extraordinary scale of the transaction. Such a large acquisition provides the buyer with significant negotiating power, far beyond what is assumed in APG’s standard multi-aircraft scenarios. The discount APG illustrates is intended for small fleet deals—typically three to ten aircraft—and is not meant to reflect the pricing dynamics of near-megadeals. In real-world large fleet transactions, especially those involving dozens or hundreds of aircraft, discounts often exceed 30–40% due to economies of scale, reduced transaction friction, and bundled service agreements. A sale involving nearly 1,000 aircraft would dramatically impact market supply and liquidity, further justifying a deeper discount to ensure successful placement and absorption. APG itself notes that wholesale values and fleet discounts are starting points, not strict rules, and encourages market-based judgment for larger or more complex transactions. Therefore, relying solely on the 20% discount would materially overstate the fleet's value and fail to reflect current market realities.

Emissions Sustainability Compliance (CORSA, SAF, EU ETS) and Economic Obsolescence

The second component of our model addresses the expected costs that commercial airline operators will incur to comply with three major sustainability frameworks: CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), Sustainable Aviation Fuel (SAF) mandates and adoption trends, and the EU Emissions Trading System (EU ETS). These cost projections are developed over a ten-year horizon, discounted to present value, and then applied to the valuation model as a single year of economic obsolescence (EO) for each aircraft engine evaluated. These costs are taken as a EO because the APG market prices of aircraft do not reflect the market prices – meaning there is regulatory lag. As the market establishes fees dictated by regulatory bodies, it will put downward pressure on aircraft that contribute negatively to incurring these fees against aircraft that do not.

The model estimates annual fuel burn and CO₂ emissions based on typical flight hours and burn rates for each engine. CORSIA-related costs are calculated using ICAO¹ benchmark pricing, which remains highly variable—ranging from under \$2 to over \$20 per metric ton of CO₂, depending on the credit type and enforcement maturity. SAF costs are estimated based on current Jet-A pricing and known market premiums for SAF, which can exceed \$1,000 per ton of fuel, particularly in Europe where logistics, certification, and supply constraints still apply. For EU ETS, the model assumes a carbon price of \$100/ton and applies a 25% exposure factor, acknowledging that not all aircraft operations are currently subject to the EU compliance regime.

Importantly, while the cost components are calculated across a decade, only one year of discounted value is applied as EO. This reflects conservative valuation practice, acknowledging that regulatory uncertainty and the varying pace of adoption across jurisdictions make full recognition of future cost exposure difficult to justify. However, this also means that the model likely understates the long-run economic impact of sustainability mandates—especially in light of the European Commission’s ongoing expansion of EU ETS coverage and the broadening applicability of CORSIA post-2027.

The SAF component in particular may need periodic reassessment. While our model currently uses market-average premiums and broad compatibility categories, recent SAF procurement briefs from IATA and others highlight the need to account for significant pricing variability tied to fuel pathways (e.g., HEFA vs. PtL), contract structures (spot vs. offtake), and geographic delivery differences. Similarly, recent EU policy developments suggest a growing likelihood of higher effective EU ETS exposure over time, which is not fully reflected in the flat 25% assumption.

AA’s Sustainability Report for 2023 references the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) that regulates emissions from international aviation, and that American has endorsed its goal of achieving carbon-neutral growth in emissions after 2019. Airlines and other aircraft operators will offset any growth in CO₂ emissions above a revised 2019 baseline established in the wake of the COVID-19 pandemic. In 2023, American and other airlines did not face offsetting obligations under CORSIA, as international flight volumes were still below pre-pandemic levels, but American expects to purchase carbon offsets to comply with the obligation for CORSIA’s first phase, which covers 2024–26 emissions (Page 26 AA 2023 Sustainability Report).

¹ ICAO (International Civil Aviation Organization) is a United Nations agency that sets global standards and policies for international air transport, including emissions regulations such as CORSIA. Cost values source: International Civil Aviation Organization (ICAO). *Analyses in Support of the 2022 CORSIA Periodic Review: Focus on Costs to States and Operators*. Presented by CAEP, 225th Council Session, Feb. 2022. Accessed from "4.1. CORSIA_FAQs at 225th Council Session.pdf".

Schedule 1

American Airlines, Group Inc.

Economic Obsolescence

Capitalization of Income Loss Method

Calculation of Adjusted Total Assets		Source
Current Asset	13,154	Schedule 2
American Airlines Inc Flight Equipment, Net	15,699	Market Value Summary
Envoy Aviation Group, Inc. Flight Equipment, Net	1,493	Market Value Summary
Subsidiary Aircraft Not Included Above	1,024	Flyaway schedule prepared by American Airlines Group Inc. [a]
Ground Property, Net	6,576	American Airlines Group Inc., Schedule of PP&E
Equipment Purchase and Deposits, Net	<u>1,012</u>	Schedule 2
Total Property and Equipment, Net	25,805	
Other Asset	12,243	Other Assets (Schedule 2) + Non-aircraft ROU Assets [b]
Adjusted Total Assets	<u><u>51,202</u></u>	Calculation (after FO but before EO)

Calculation of Normalized Net Operating Cash Flow		Source		
	Value	Weighted		
	\$000	Indication Weight		
		Value		
Actual 2024	4,806	30%	1,442	
Actual 2023	5,495	0%	-	Adjusted Fundamentals, Schedule 3
Actual 2022	3,816	0%	-	Adjusted Fundamentals, Schedule 3
Actual 2021	(1,398)	0%	-	Adjusted Fundamentals, Schedule 3
Projected 2025, Capital IQ	5,198	30%	1,559	Projections, Schedule 4
Projected 2025,			-	Projections, Schedule 4
Weighted 3-Year Average	4,870	0%	-	Adjusted Fundamentals, Schedule 3
5-Year Average	<u>1,327</u>	<u>40%</u>	<u>531</u>	Adjusted Fundamentals, Schedule 3
Selected Normalized Net Operating Cash Flow		<u>1.00</u>	<u>3,532</u>	

Calculation of Economic Obsolescence		Source
Selected Normalized Net Operating Cash Flow	3,532	From above
Adjusted Total Assets	<u>51,202</u>	From above
Return on Total Assets	6.9%	
Return on Total Assets	6.9%	
Weighted Average Cost of Capital (WACC)	<u>13.36%</u>	Passenger Airlines discount rate in 2025 OK draft cap rate study
Indicated Economic Obsolescence	<u>48.37%</u>	Calculation

Definitions

EO = Economic Obsolescence

FO = Functional Obsolescence

PP&E = Property, Plant, and Equipment

WACC = Weighted Average Cost of Capital

[a] Values equals the APG wholesale value less fleet discount for PSA and Piedmont Airlines

[b] Right of use assets are operating leased assets and primarily include commercial real estate. Operating lease aircraft are excluded from this total because their value is included above. Value is from the company's detailed balance sheet.

Capitalization of Income Loss Method

This method compares an actual return measure (e.g., return on assets) with a required return measure (e.g., the Weighted Average Cost of Capital (WACC)). Economic obsolescence was estimated by using financial data for American Airlines Group, Inc. (“AAG”). As AAG is the holding company that owns American Inc. and Envoy, the results of American and AAG are substantially the same and consolidated data is readily available to the public and by focusing on AAG, results in a lower obsolescence percentage than if taken separately. Investors making an investment in any asset are more concerned with the expected future cash flow than the historical cash flow. The historical cash flow is relevant to the extent it can provide information about the future. We believe the COVID pandemic qualifies as an extraordinary event and should be considered in an assessment as of January 1, 2025 but adjusted by the weighting to normalize the severity. The commercial airline industry is a “boom and bust” industry and “busts” are proven and normalized. However, the degree of a bust is not consistent, therefore this period was considered and included but not weighted heavily or independently. The focus on future cash flows is based upon historic actual 2024 cash flows, projected 2025 cash flows from Capital IQ and the historic 5 year average (to account for the boom/bust cycle). The projections from Capital IQ were dated March 2025 and incorporate market and regulatory risk known as of the January 1, 2025 lien date. AAG’s revenue is estimated to increase in 2025 by a~1%, but EBITDA is estimated to decrease from 2024. This is consistent with the 1st quarter earnings call and AAG’s public statements about holding back issued “earning” projections, noting they are in a period of “uncertainty”. This uncertainty is a result of softened demand and over capacity around sale and distribution expectations from 2024. AAG’s stock price is below COVID levels with some of the risks associated with the industry and AAG noted below:

- I. Operational Risks
 - a. Aircraft Accidents or Incidents: Even rare events can damage brand reputation and result in massive legal/liability costs.
 - i. *Flight 5342 – American Eagle near Reagan National Airport crash in January of 2025, impacting demand*
 - b. Maintenance & Technical Failures: Groundings due to mechanical or software issues (e.g., Boeing 737 MAX) can disrupt operations
 - i. *Microsoft/Crowdstrike caused a global IT outage resulting in lost production with the grounding of aircraft*
 - ii. *Aging Fleet Mix: American has a mixed fleet, including older aircraft with higher maintenance and fuel costs*
 - iii. *Hub Dependency: DFW (TX) and CLT (NC) – large dependency for revenue production on two major hubs*
 - c. Crew and Staffing Shortages: Pilot or crew shortages, strikes, or union disputes can reduce capacity and cause cancellations
 - i. *AA CEO Robert Ison, earnings and May 2025 Global Transportation conference states this continues to impact operations*
 - d. Route Network Disruptions: Weather events, volcanic eruptions, or geopolitical issues can suspend key routes.
 - i. *FAA suspended flights at Newark which is impacting carriers operating through this hub*
- II. 2. Financial Risks
 - a. Fuel Price Volatility: Fuel is often 20–30% of operating costs. Price swings have a direct impact on margins.
 - b. Debt Load: Many airlines operate with high leverage; downturns can quickly strain liquidity
 - i. *American has one of the highest debt levels in the airline industry, a legacy of both pre- and post-COVID financing. This limits flexibility and increases interest expense.*
 - ii. *Cash Flow Sensitivity: Margins are thin and volatile; any downturn in demand or rise in fuel costs can quickly affect liquidity.*
 - iii. *AA posted a Q1 net loss of \$473MM, a deeper loss than \$312MM in 2024 Q1*

- iv. *AA has a negative debt to equity ratio of -6.53 indicating that its liabilities (including debt) exceed its equity. This means that the company's total debt obligations are greater than the value of its assets remaining after liabilities are subtracted.*
- v. *AAL's financial metrics indicate that its **leverage is elevated** and is a massive negative for its shareholders. The long-term debt burden of the company stood at \$25.2 billion at the end of 2024, which translates into a debt-to-capitalization of 94.9% which is above the sub-industry's 54.2%.*
- c. **Currency Fluctuations:** Exposure to multiple countries creates exchange rate risks.
- d. **Credit Risk:** Decline in consumer demand or corporate travel budgets can hurt revenues significantly.
- e. **Stock Price:**
 - i. *Current stock price is trading at below “pre-Covid 19 levels”. In mid-February 2019, AAG was trading at ~\$30 and dropped to ~\$13 by mid-March 2020. It is currently at ~\$11 and was at \$16 around 1/1/2025*
 - ii. *Factors such as high debt levels, increased operating costs, and competitive pressures continue to influence its stock performance*
 - iii. *AAG was removed from the S&P 500 index last year due to the drastic erosion in its market cap and was added to the S&P Mid Cap 400 Index*

III. Regulatory & Compliance Risks

- a. **Environmental Regulations:** New emissions standards or carbon taxes (e.g., EU ETS) can increase costs. Pressure to reduce carbon emissions may increase operating costs and require expensive fleet upgrades.
- b. **Safety & Security Regulations:** Compliance with FAA, EASA, and ICAO standards requires continual investment.
- c. **Antitrust/Competition Law:** Mergers, alliances, or pricing coordination may trigger regulatory scrutiny.

IV. Market Risks

- a. **Demand Cyclicity:** Airlines are highly sensitive to economic downturns and discretionary spending.
 - i. *Business travel, a key revenue segment, has not fully recovered post-COVID and may remain structurally lower due to remote work trends.*
 - ii. *Main cabin revenue is down – AA pulled financial guidance for the remainder of 2024 – year of “uncertainty”*
 - iii. *Summer travel demand expected to be down*
 - iv. *Domestic RASM is down – capacity increased in 2024 to pre Covid levels and was believed to be stabilized but demand dropped and growth projections were downsized to less than 2%*
- b. **Competitive Pressure:** Low-cost carriers (LCCs) can compress fares and margins.
- c. **Fleet Obsolescence:** Failure to modernize fleets can increase operating costs and reduce competitiveness.

V. External & Systemic Risks

- a. **Pandemics/Public Health Crises:** COVID-19 drastically impacted air travel, grounding fleets for months.
- b. **Geopolitical Tensions:** Airspace closures, war zones, or sanctions can alter routes and increase costs.
- c. **Terrorism & Security Threats:** These can affect traveler confidence and increase airport security costs.
- d. **Climate Change:** More frequent extreme weather events can increase operational disruptions

Considering the above we selected a normalized income of \$3,532 million.

We estimate AAG adjusted total assets to include other current and noncurrent AAG assets, flight equipment for both American and Envoy, ground equipment and the net book value of aircraft operated by other AAG subsidiaries. Based upon the normalized net operating cash flow and adjusted total assets, the normalized return on total assets equals 6.9%. By comparing the normalized return on total assets to the airline industry WACC of 13.36%, we identify economic obsolescence of 48.37%. The airline industry WACC is the passenger airline WACC issued in the 2025 Capitalization Rate Study, prepared by the Oklahoma Tax Commission. It is our opinion this is a reasonable WACC for AAG.

AGENT AUTHORIZATION



Nevada State Board of Equalization

Agent Authorization Form

If you have questions about this form or the appeal process, please call: (775) 684-2160.
 Email completed form to: stateboard@tax.state.nv.us.
 Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER LISTED IN PART A):				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: *Natural persons may skip Part B.*

- | | | |
|--|---|--|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Trust | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> Limited Liability Company (LLC) | <input type="checkbox"/> General or Limited Partnership | <input type="checkbox"/> Government or Governmental Agency |
| <input type="checkbox"/> Other, please describe: _____ | | |

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. Yes No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: *Additional information may be necessary.*

- | | | |
|---|---|---|
| <input type="checkbox"/> Self | <input type="checkbox"/> Trustee of Trust | <input type="checkbox"/> Employee of Property Owner |
| <input type="checkbox"/> Co-owner, partner, managing member | <input type="checkbox"/> Officer of Company | |
| <input type="checkbox"/> Employee or Officer of Management Company | | |
| <input type="checkbox"/> Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property | | |
| <input type="checkbox"/> Other, please describe: _____ | | |

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter Applicable Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER	PROPERTY IDENTIFICATION NUMBER (PIN)-MINES
--------------------------------	----------------	--

Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED:

- | | | |
|--|--|--|
| <input type="checkbox"/> 2026-2027 Secured Roll | <input type="checkbox"/> 2025-2026 Unsecured Roll | <input type="checkbox"/> 2025-2026 Supplemental Roll |
| <input type="checkbox"/> 2026-2027 Centrally-assessed Roll | <input type="checkbox"/> 2025-2026 Net Proceeds Roll | |

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

For clerk use only <div style="text-align: center; font-size: 1.2em; font-weight: bold;">26-105</div>
--

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of this document.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.



 Authorized Agent Signature _____ Title _____ Date _____

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:			TITLE:		
AUTHORIZED AGENT COMPANY, IF APPLICABLE:			EMAIL ADDRESS:		
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature _____ Title _____ Date _____

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized each agent named herein to represent the Property Owner as stated and I have the authority to appoint each agent named herein.



 Property Owner / Petitioner Signature _____ Title _____ Date 1/16/2026

STIPULATION



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDO
Governor

GEORGE KELESIS
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

February 26, 2026

Amy Frees, Agent
Envoy Air, Inc.
333 Bush Street, Suite 1700
Sand Francisco, CA 94104

Re: Envoy Anir, Inc. Appeal to the State Board of Equalization
Case # 26-105

After consideration of additional information provided by the Petitioner, the Petitioner and Respondent hereby agree that valuation for the 2026-2027 secured property tax roll shall be revised.

Table with 3 columns: 2026-2027 SECURED ROLL, Original Value, Revised Value. Rows include System Value and Assessed Value with corresponding dollar amounts.

The parties request that the State Board of Equalization approve the revised values stated above.

Handwritten signature of Sorin G. Popa

Sorin G. Popa
Supervisor – Centrally Assessed Properties

Handwritten signature of Amy Frees

Amy Frees

02/26/2026
Date

2/26/2026
Date

SBE NOTICE OF HEARING



STATE OF NEVADA

JOE LOMBARDO
Governor

DEPARTMENT OF TAXATION

GEORGE KELESIS
Chair, Nevada Tax Commission

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

SHELLIE HUGHES
Executive Director

March 2, 2026

NOTICE OF HEARING

HAND DELIVERED –
PETITIONER:

Sorin Popa, Supervisor
NV Dept of Taxation/ LGS
Centrally assessed properties
3850 Arrowhead Drive
Carson City, NV 89706

CERTIFIED MAIL – 9489 0090 0027 6614 2985 87
RESPONDENT:

Envoy Air, Inc.
Attn: Patrick C. Smith
1 Skyview Drive, MD 8B401
Fort Worth, TX 76155

DATE/TIME: Monday, March 23, 2026 at 9:00am

PLACE: Nevada Legislative Counsel Bureau
401 South Carson Street, Room 2135
Carson City, Nevada 89701

Nevada Legislative Counsel Bureau
7230 Amigo Street, LV Committee Room 3
Las Vegas, Nevada 89119

ZOOM

Meeting ID: 872 7278 4558
Or Telephone: 888-475-4499

It is each taxpayer's or his representative's responsibility to be present when the case is called.

Legal Authority and Jurisdiction of the State Board Of Equalization: NRS 361.403

BRIEF STATEMENT OF MATTER: Appeal from the action of the Nevada Department of Taxation taken pursuant to NRS 361.320

Case No: 26-105 Acct No: 1594 Assessment Appealed: 26-27 Centrally- Assessed

The State Board of Equalization (State Board) will hear the Petitioner's appeal at the time and place stated above. Please be aware that the time is approximate and although you may be assured the appeal will not be heard prior to the stated time, be prepared for possible delays as several appeals are scheduled at the same time. If the taxpayer or his representative is not present when his hearing is called, the State Board will invoke the requirements of NRS 361.385 and NAC 361.708(4). The State Board may (a) proceed with the hearing; (b) dismiss the proceeding with or without prejudice; or (c) recess the hearing for a period to be set by the State Board to enable the party to attend.

This matter may be heard as part of the Consent Agenda. The State Board will review all items on the Consent Agenda unless a member of the Board, the Attorney General's office, the Department of Taxation (Department) or the public wishes to speak in regard to a certain issue, in which case the State Board may, in its discretion, pull the item from the Consent Agenda.

Please be aware the State Board will limit its consideration to the issues and contentions set forth in the petition. Other issues may be heard if the requirements of NAC 361.745 are met.

Information regarding the rules of practice and procedure before the State Board are on the attached information sheet.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this hearing should notify the Department at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the hearing room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Kari Skalsky at **775-684-2160** at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request through stateboard@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Kari Skalsky al 775-684-2160 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de stateboard@tax.state.nv.us.

If you have any questions, please call (775) 684-2160.

Shellie Hughes
Secretary to the State Board of Equalization

By: 
Kari Skalsky
Management Analyst III, Boards and Commissions
Department of Taxation

CERTIFIED MAIL – 9489 0090 0027 6614 2985 70
RESPONDENT AGENT:
Andersen
Attn: Amy Frees
333 Bush Street, Suite 1700
San Francisco, CA 94104

March 11, 2026

Dear State Board of Equalization:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6614 2985 87.

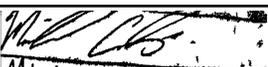
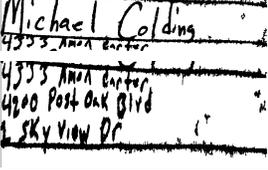
Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	March 6, 2026, 9:36 am
Location:	FORT WORTH, TX 76155
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	1lb, 12.4oz
----------------	-------------

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

March 11, 2026

Dear State Board of Equalization:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6614 2985 70.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	March 5, 2026, 12:51 pm
Location:	SAN FRANCISCO, CA 94104
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	1lb, 8.3oz
----------------	------------

Recipient Signature

Signature of Recipient:

Address of Recipient:



Andersen
Attn Amy Frees
333 Bush Street, Suite 17C
San Francisco, CA 94104

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004