

## Aircraft

### **Use Board-prescribed assessment form BOE-577, *Aircraft Property Statement*.**

Pursuant to [Letter To Assessors No. 2004/049](#), a county may develop a form for use in their county for a specific use. However, a county may not use a county-developed form if there is a Board-prescribed form available. In other words, if a Board-prescribed form is available, that form must be used. Using county-developed forms in lieu of Board-prescribed forms could mislead property owners and create confusion about current procedures and filing requirements.

### **Remove incorrect language from the cover letter that accompanies a county-developed form implying a section 463 penalty will be applied for failure to file.**

The assessor's non-prescribed forms, while effective tools, are not Board-prescribed and, therefore, cannot carry [section 463](#) penalty assessments. The assessor has the authority under [section 441\(d\)](#) to request that additional information be made available; however, the assessor does not have the authority to apply the [section 463](#) penalty when the taxpayer fails to complete a form or questionnaire that is not Board-prescribed.

Using the same cover letter for non-prescribed forms as Board-prescribed forms gives the impression that the penalty language in the cover letter applies to the non-prescribed forms, as well as the Board-prescribed forms.

### **Correctly apply a penalty when BOE-577, *Aircraft Property Statement*, is not returned timely.**

[Section 5367](#) requires any person requested to file a statement pursuant to [section 5365](#) to file such statement by the time specified by the assessor or a penalty of 10 percent of the market value of the unreported aircraft shall be added to the value of the aircraft and placed on the current roll. By not applying penalties to aircraft assessments when the taxpayer fails to file the property statement or files the property statement late, the assessor is not in compliance with statute.

### **Properly apply adjustments to the average retail value in accordance with the guidelines set forth in Assessors' Handbook Section 577, *Assessment of General Aircraft (AH 577)*.**

According to [AH 577](#), when calculating the market value using a published value guide, the assessor should apply a 10 percent adjustment to the listed retail value to account for dealer incentives and reconditioning in order to value an aircraft in average condition on the lien date. Then, as deemed appropriate by the assessor, other adjustments may be made, such as overall condition, equipment installed, hours since a major engine overhaul, and total airframe hours. Sales tax should be applied to the final adjusted value.

The assessor's current practice of applying the 10 percent adjustment at the end of the calculation, after adjustments for the individual aircraft airframe, engine hours, added equipment, and sales tax have

been applied, is contrary to the BOE's valuation guidelines contained in [AH 577](#). By incorrectly applying the 10 percent adjustment, the assessor may be enrolling incorrect assessments.

**Grant the historical aircraft exemption only when all qualifying conditions have been met pursuant to section 220.5.**

[Section 220.5\(b\)](#) provides that an aircraft of historical significance shall be exempt from taxation only if all of the following conditions are satisfied:

- The assessee is an individual owner who does not hold the aircraft primarily for purposes of sale.
- The assessee does not use the aircraft for commercial purposes or general transportation.
- The aircraft is available for display to the public at least 12 days during the 12-month period immediately preceding the lien date for the year for which the exemption is claimed. When applying for an exemption pursuant to this section, the claimant shall attach to that application a certificate of attendance from the event coordinator of the event at which the aircraft was displayed.

[Section 220.5\(c\)](#) provides that when claiming a historical aircraft exemption, the claimant shall provide all information required and answer all questions contained in an affidavit furnished by the assessor. The claimant shall sign the affidavit under penalty of perjury. The assessor may require additional proof of the information or answers provided in the affidavit before allowing the exemption.

Further, [Letter To Assessors \(LTA\) No. 2002/090](#) states that the term "available for display to the public" means actual display or documented willingness to display at either (a) an organized air show, (b) a museum, or (c) a special designated area set aside for historical aircraft open to the public. To qualify as available for display to the public under any other situation, an individual must document that an aircraft is displayed in such a manner that the general public is aware that public viewing is clearly invited, and there are reasonable accommodations to allow public viewing of the aircraft. To qualify as available for display under any situation also means that there must be a reasonable effort to make the general public aware of the display and there must be reasonable viewing hours.

Before allowing the historical aircraft exemption, the assessor should verify that all conditions have been met, and when there is a discrepancy, the assessor should follow up with a field inspection and/or request that the claimant provide further documentation to support the claim. When the assessor grants historical aircraft exemptions without following the provisions of [section 220.5](#), it may cause unequal treatment of taxpayers, and certain taxpayers may receive either full or partial exemptions that they may not be entitled to receive.

**Collect the required fee when accepting the initial claim for the historical aircraft exemption in accordance with section 220.5(e).**

[Section 220.5](#) provides that a \$35 fee shall be charged and collected by the assessor upon initial application of the exemption. The assessor's policy is not in compliance with statutory provisions and results in lost revenue.