STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)
(916) 445-4982

*640.0001*

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Executive Secretary

May 22, 1978

TO COUNTY ASSESSORS:

No. 78/88

PET EXEMPTION OR AD VALOREM TAXATION

We have recently received several inquiries concerning the classification of animal as a "pet" for purposes of exemption pursuant to Section 224 of the Revenue and Taxation Code and Board Rule No. 134.

The term "pets" (e.g., fish, birds, insects, cats, dogs, horses) means and includes any animal held for noncommercial purposes and not as an investment. The term does not include those animals held or used in connection with a trade, profession or business. We suggest you consider the following criteria in determining if an animal is held for commercial purposes and, therefore, subject to ad valorem taxation:

1. Is the animal held or used in connection with a trade, profession or business of the owner? One indication of this is the owner taking animal related depreciation or expense deductions on his income tax returns.

2. Is the animal used in the production of offspring which are sold for an amount in excess of the expense of breeding and raising them to a marketable age?

3. Has the animal's proficiency gained monetary or other awards of substantial value?

If the answer to any of these questions is affirmative, then the animal should not be classified as a "pet", but rather as an animal held for commercial or investment purposes.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

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