Name: _____

County: _____

Assessment of Vessels Self-study Training Session

Review Questions

1. Collecting the registration fees for vessels is the responsibility of which agency? (Mark all that apply)
   - a. ☐ County Tax Collector
   - b. ☐ State Controller
   - c. ☐ Secretary of State
   - d. ☐ United States Coast Guard
   - e. ☐ State Board of Equalization
   - f. ☐ Department of Motor Vehicles

2. Vessels are subject to personal property taxation and county assessors are responsible for the annual assessment of vessels.
   - a. ☐ True
   - b. ☐ False

3. *Assessors' Handbooks* published by the State Board of Equalization are considered to have the same authority as rules and regulations adopted by the Board.
   - a. ☐ True
   - b. ☐ False

4. For purposes of property taxation, vessels are considered to be _____, in which taxes are a personal liability of the assessee.

5. Revenue and Taxation Code section 130 defines a vessel as: (Mark all that apply)
   - a. ☐ All motorized floating devices capable of being used as a means of transportation on water.
   - b. ☐ Every description of watercraft used as a means of transportation on water, but does not include aircraft.
   - c. ☐ Every description of watercraft used or capable of being used as a means of transportation on water, including aircraft.
   - d. ☐ Every description of watercraft used or capable of being used as a means of transportation on water, but does not include aircraft.

6. Houseboats and floating homes are categorized as vessels for property tax purposes.

   a. ☐ True

   b. ☐ False

7. Vessels are not subject to supplemental assessment and should be enrolled on the regular assessment roll as secured property.

   a. ☐ True

   b. ☐ False

8. Since classification and security are already determined due to the nature of vessels, what are the other factors that an assessor needs to consider in making an assessment of a vessel? (Mark all that apply)

   a. ☐ Value

   b. ☐ Assessability

   c. ☐ Situs

   d. ☐ Description

   e. ☐ Assessee

   f. ☐ All of the above

9. Vessels in business inventories are exempt by use.

   a. ☐ True

   b. ☐ False

10. On January 30, 2011, a boat owned by a taxpayer was sold to a boat dealer. The taxpayer received a property tax bill for fiscal year July 1, 2011 to June 30, 2012. Although the taxpayer is no longer the owner of the boat, the bill is valid based on ownership on the lien date.

    a. ☐ True

    b. ☐ False

11. Developing a program for the discovery of information regarding taxable vessels and the verification of new and existing information is important to ensure _____ and _____.

12. Which of the following are methods of discovering assessable vessels? (Mark all that apply)

    a. ☐ Property statements

    b. ☐ Field canvassing

    c. ☐ Certificates of Documentation

d. ☐ Harbor master reports

e. ☐ Referrals from other counties

f. ☐ All of the above

13. The DMV periodically sends reports to county assessors' offices that list all vessels registered in the various counties.

a. ☐ True

b. ☐ False

14. What type of information is provided on DMV reports? (Mark all that apply)

a. ☐ Owner's name and address

b. ☐ Vessel type and cost class

c. ☐ Assessed value of the vessel

d. ☐ All of the above

15. The _____ issued by the United States Coast Guard is useful in determining the situs of vessels.

16. The Harbor Master's Marina Reports identify vessels kept at a boating facility in the county only if they are not in dry storage. These reports may be compared with the assessors' records and aids in the discovery of vessels that may have escaped assessment.

a. ☐ True

b. ☐ False

17. Field canvassing should be conducted near the _____. Any vessels located at _____ and in _____ that are not listed in county files should be investigated.

18. In the valuation of vessels, what approach to value may be used? (Mark all that apply)

a. ☐ Cost approach

b. ☐ Comparative sales approach

c. ☐ Income approach

d. ☐ All of the above

19. Vessels are personal property but are governed by the base year value limitations of article XIII A of the California Constitution similar to manufactured homes.

a. ☐ True

b. ☐ False

20. The California Supreme Court held in *De Luz Homes, Inc. v. County of San Diego* that an assessor's discretion when appraising vessels is appropriate so long as it's fair and uniform.

a. ☐ True

b. ☐ False

21. For commercial boats such as fishing boats, freighters, and research vessels, the cost approach is typically used for valuation.

a. ☐ True

b. ☐ False

22. Nationally-published vessel value guides that reflect the going market price can be used to determining market value when no direct sale comparables in the area are found.

a. ☐ True

b. ☐ False

23. In the valuation of vessels using the comparative sales approach, what adjustments should be considered when using nationally published value guides? (Mark all that apply)

a. ☐ Location

b. ☐ Equipment

c. ☐ Tonnage

d. ☐ Sales tax

e. ☐ Freight and transportation charges

f. ☐ Condition

g. ☐ All of the above

24. Which primary value guidebooks do most boat dealers, appraisers, owners, and sellers refer to when determining the market value of pleasure boats and houseboats? (Mark all that apply)

a. ☐ BUC Used Boat Price Guide

b. ☐ ABOS Marine Blue Book

c. ☐ Board of Equalization published price guide

d. ☐ All of the above

25. A significant benefit in using a published value guide to value vessels is that only one of the various value guides is usually necessary for accurate valuations.

a. ☐ True

b. ☐ False

26. Once an initial value is set on the purchase of a new or used pleasure vessel, what is the preferred method that an assessor should use to annually appraise vessels? (Mark all that apply)

a. ☐ The cost approach

b. ☐ A valuation guide

c. ☐ Market trend factors

d. ☐ Comparable sales

e. ☐ All of the above

27. For property tax purposes, a documented vessel is one with: (Mark all that apply)

a. ☐ DMV Registration or license

b. ☐ Document of Federal Registration

c. ☐ Registration as a documented yacht

c. ☐ Valid marine document issued by the United States Coast Guard

e. ☐ All of the above

28. Pursuant to Vehicle Code section 9850, every vessel using the waters of this state must be numbered by the DMV except when a valid number is issued by the United States Coast Guard, or a DMV approved numbering system of another state already exists.

a. ☐ True

b. ☐ False

29. Vehicle Code section 9873 provides that vessels are not required to be numbered in which of the following situations? (Mark all that apply)

a. ☐ The vessel is a ship's lifeboat.

b. ☐ The vessel is from a country other than the United States temporarily using the waters of California.

c. ☐ The vessel is already covered by a number in full force and effect issued federally or by another state.

d. ☐ The vessel is a public vessel of the United States.

30. Vessel documentation by the United States Coast Guard is a national form of registration. Such documentation provides: (Mark all that apply)

a. ☐ Unhindered commerce between the states

b. ☐ Limits for vessels to certain restricted trades

c. ☐ Automatic state registration

d. ☐ Conclusive evidence of nationality for international purposes

e. ☐ All of the above

31. To federally register a vessel, the owner must apply for a Certificate of Documentation or the renewal of a Certificate of Documentation with the _____

_____

32. A vessel is eligible for a United States Coast Guard Certificate of Documentation if it is at least five net tons.

a. ☐ True

b. ☐ False

33. Which of the following is true about a hailing port designation? (Mark all that apply)

a. ☐ It is available from the California vessel documentation office.

b. ☐ It is appropriate for vessels documented since 1995.

c. ☐ It is identical to the home port designation except that the hailing port must be the same as the owner's domicile.

d. ☐ It is an appropriate designation for vessels required to have a United States Coast Guard Certificate of Documentation.

e. ☐ All of the above.

34. An assessor can search whether a specific vessel is currently documented by accessing an Internet site. The search may be based on a vessel's name or the United States Coast Guard identification number.

a. ☐ True

b. ☐ False

35. The Code of Federal Regulations, Title 46, section 67.9 excludes or exempts which of the following vessels from United States Coast Guard documentation? (Mark all that apply)

a. ☐ A vessel of less than twenty-five net tons.

b. ☐ A vessel over five tons that does not operate on the navigable waters of the United States but it may be documented at the option of the owner if it otherwise qualifies.

c. ☐ A self-propelled vessel engaged in the coastwise trade.

d. ☐ All of the above.

36. The coastwise endorsement for a vessel over five tons is required for pleasure boating along any coastline and may not be used for any other purpose.

a. ☐ True

b. ☐ False

37. A vessel documented with only a recreational endorsement may not be used for any other purpose but any documented vessel may be used for recreational purposes.

a. ☐ True

b. ☐ False

38. Certain documented vessels are assessed at 4 percent of their full cash value under section 227 if they are: (Mark all that apply)

a. ☐ Employed in carrying five or more people for commercial passenger fishing purposes

b. ☐ Commercial fishing vessels

c. ☐ Used as an oceanographic research vessel

d. ☐ All of the above

39. Ownership of a vessel used for one of the purposes described in section 227 is not required to qualify for the 4 percent preferential assessment, and if a vessel is leased out on the lien date, either the lessor or lessee can apply for the preferential assessment.

a. ☐ True

b. ☐ False

40. Vessels must be documented in California ports in order to qualify for the 4 percent special assessment.

a. ☐ True

b. ☐ False

41. There is no requirement that a vessel be used a specific number of days for the purpose in which it is being exempted.

a. ☐ True

b. ☐ False

42. Section 227(c) provides that when vessels are used for no more than _____ percent of their total exempt operating time for other activities such as _____, _____, or _____, the 4 percent preferential assessment would still apply.

43. In which of the following activities would a vessel be qualified for the 4 percent preferential assessment? (Mark all that apply)?

a. ☐ Vessel used to facilitate the pumping of sea water to inland oyster beds.

b. ☐ Vessel engaged in seeding oyster beds and in harvesting artificially planted oysters.

c. ☐ Vessel used to haul the vessels that seed and harvest oysters.

d. ☐ All of the above.

44. Section 227(b) provides that oceanographic instructional or research vessels are required to have a non-profit purpose in order to qualify for the 4 percent preferential assessment.

a. ☐ True

b. ☐ False

45. Which furnishings and/or equipment can be included in the 4 percent preferential assessment? (Mark all that apply)

a. ☐ Radar

b. ☐ Lifeboats

c. ☐ Generators

d. ☐ Dock crane

e. ☐ Anchor

f. ☐ Shore radio equipment

g. ☐ Sonar equipment

h. ☐ Winches

i. ☐ Fishing equipment

j. ☐ All of the above

46. Section 170 provides that the owners of fishing vessels are eligible for assessment relief when commercial fishing operations are temporarily discontinued due to decline in the availability of fish and the vessel does not engage in activities other than those allowed in section 227.

a. ☐ True

b. ☐ False

47. An affidavit must be submitted to the assessor when claiming a vessel as eligible for the 4 percent preferential assessment. Which of the following documents are required for vessels qualifying under section 227(b) in addition to the affidavit? (Mark all that apply)

a. ☐ Certificate of Inspection

b. ☐ The contract, statement, or agreement indicating the nature and time period the vessel will be used

c. ☐ Certificate of Documentation

d. ☐ Temporary Certificate of Inspection

e. ☐ All of the above

48. Which of the following statements are true regarding the situs of vessel? (Mark all that apply)

a. ☐ For property tax purposes, taxable situs is established on the January 1 lien date

b. ☐ Vessels with a taxable situs located in California on lien date are assessable by the county in which the owner is domiciled

c. ☐ Vessels are personal property, mobile, and have no fixed situs

d. ☐ Vessels are not generally assessable within the state if their taxable situs is located outside of California

e. ☐ All of the above

49. The "home port" doctrine: (Mark all that apply)

a. ☐ Applies to vessels that move between ports throughout the year.

b. ☐ Provides that only the home port may impose taxes on the vessels.

c. ☐ Is widely used in modern times to permit vessels engaged in foreign or interstate commerce to be taxed at the domicile of the owner, regardless of where the vessel happens to be located on lien date.

d. ☐ All of the above.

50. In order to establish a taxable situs for property tax purposes, there must be contacts that sufficiently satisfy due process.

a. ☐ True

b. ☐ False

51. Vessels documented or registered in California, which are employed in foreign or interstate commerce on the lien date, are assessable in the California jurisdiction where they are habitually moored or where the owners are domiciled. This applies to such vessels only when they have been used within California waters.

a. ☐ True

b. ☐ False

52. The owner of a vessel must provide documentation to an assessor to show that a situs has been established elsewhere. Examples of appropriate evidence from a different jurisdiction could include mooring rental slips or a paid tax bill.

a. ☐ True

b. ☐ False

53. The county where the DMV registers a vessel is the place of documentation and is typically the county where the vessel is located and assessed.

a. ☐ True

b. ☐ False

54. The taxable situs of vessels without documentation for property tax purposes is the county where it is habitually moored. Smaller boats that are generally kept out of the water when not in use are taxed at the location where the boat is habitually kept.

a. ☐ True

b. ☐ False

55. An inter-county ferryboat is assessed in equal proportions in each of the counties that the ferry connects.

a. ☐ True

b. ☐ False

56. If a documented vessel is habitually moored in one county and the owner moves the vessel to another county, the situs will change during the month that the vessel becomes habitually moored in the new county.

a. ☐ True

b. ☐ False

57. Regardless of where a seagoing vessel happens to actually be located on the lien date, it should generally be taxed at the domicile of the owner or at the port of registration.

a. ☐ True

b. ☐ False

58. Section 228 provides that vessels with a market value of $400 or less are exempt from property taxes. The exemption applies to which of the following (mark all that apply):

a. ☐ Vessels, such as lifeboats, used in conjunction with the operations of other vessels with a value of more than $4,000

b. ☐ Vessels used for non-commercial purposes

c. ☐ Vessels held for non-commercial purposes

d. ☐ All of the above

59. Wooden vessels of historic significance may qualify for exemption from taxation if which of the following conditions are satisfied? (Mark all that apply)

a. ☐ The vessel is used primarily as, or as a part of, a maritime museum that is regularly open to the public.

b. ☐ No part of the net earnings of the owner inures to the benefit of any private shareholder or individual.

c. ☐ The owner and operator is a nonprofit organization qualified for exemption under either Internal Revenue Code 501(c)(3) or Internal Revenue Code 23701(d).

d. ☐ The wooden vessel must have been built during or prior to 1910.

e. ☐ An affidavit is filed annually with the assessor by February 15.

f. ☐ Income from fundraising use and use for charter activities does not exceed 40 percent of operating revenues of the vessel, and all net earnings are used to further the exempt activity of the museum.

g. ☐ All of the above.

60. With respect to business inventory, which of the following statements are true? (Mark all that apply)

a. ☐ Vessels intended for sale or lease in the ordinary course of business are considered business inventory and are exempt from taxation.

b. ☐ Vessels under construction on the lien date must be completed before they can be exempt as business inventory.

c. ☐ The vessel owners are required to be in the business of selling or leasing vessels in order for the vessel to qualify as business inventory.

d. ☐ All of the above.

61. Vessels held for lease or consignment by lessors, sublessors, and consignors may be exempt as business inventory.

a. ☐ True

b. ☐ False

62. The assessor should not judge the validity of the business inventory exemption based solely on the status of a vessel on the lien date. Which of the following should also be considered? (Mark all that apply)

a. ☐ Intent of the vessel owner

b. ☐ Location of the vessel

c. ☐ Length of a consignment

d. ☐ Status of Certificate of Documentation

e. ☐ Length of a lease

f. ☐ All of the above

63. The fact that a vessel must be held for sale, lease, or consignment in the ordinary course of business of the seller, lessor, or consignor is the essential element to qualify for the business inventory exemption.

a. ☐ True

b. ☐ False

64. A temporary withdrawal from leasing due to maintenance would disqualify a vessel from property tax exemption.

a. ☐ True

b. ☐ False

65. If a marina rents out houseboats in its normal course of business but closes this portion of their operations for the winter months, including the lien date, which of the following statements is true? (Mark all that apply)

a. ☐ The vessels available for lease do not qualify for the business inventory exemption during the months when not in operation.

b. ☐ The vessels available for lease lose their exemption for the entire year as they are not being used for their exempt purpose during the winter months.

c. ☐ The vessels normally available for lease continue to qualify for the business inventory exemption.

d. ☐ None of the above.

66. Business inventory does not include property being used by its owner for any purpose not directly associated with the _____

67. For vessels of more than 50 tons burden exempt from property taxation under article XIII, section 3 of the California Constitution, which of the following is true? (Mark all that apply)

a. ☐ If the vessel is used 80 percent of the time in the exempt activity and the remainder in non-exempt activities such as towing, then the incidental use for other purposes does not affect the qualification for the exemption.

b. ☐ There are no provisions to allow for a proration of the exemption.

c. ☐ The vessels must be exclusively employed in the transportation of freight or passengers or at least primarily so used.

d. ☐ All of the above.

68. For purposes of article XIII, section 3 of the California Constitution, freight generally denotes property transported by a carrier from a consignor to a consignee.

a. ☐ True

b. ☐ False

69. When a parent company's subsidiary uses vessels to transport their own freight, such vessels generally do not qualify for exemption. The freight must be for hire by a separate entity.

a. ☐ True

b. ☐ False

70. Tugboats of more than 50 tons burden primarily engaged in towing barges that carry freight are exempt from property taxation.

a. ☐ True

b. ☐ False

71. Harbor tugs with more than 50 tons burden primarily engaged in assisting cargo or passenger vessels in navigating the waters and channels of the harbor are exempt.

a. ☐ True

b. ☐ False

72. With respect to the homeowners' exemption, which of the following statements are true? (Mark all that apply)

a. ☐ A vessel may receive the documented vessel exemption due to its use and the homeowner's exemption if it is the owner's residence.

b. ☐ An owner may receive the $7,000 homeowner's exemption if the vessel is the owner's place of abode.

c. ☐ The homeowners' exemption does not apply to vessels.

d. ☐ If the crew lives on the vessel while on the high seas, the vessel is not eligible for the documented vessel exemption.

e. ☐ All of the above.

73. A vessel that is occupied as the principal place of residence of a disabled veteran may qualify for the exemption provided by Revenue and Taxation Code section 205.5.

a. ☐ True

b. ☐ False

74. The Soldiers' and Sailors' Civil Relief Act provides an exemption from personal property taxation for an individual on active duty in military service stationed in California but domiciled in another state.

a. ☐ True

b. ☐ False

75. Which of the following vessels qualify for the 4 percent assessment? (Mark all that apply)

a. ☐ Barge

b. ☐ Cabin Cruiser

c. ☐ Ferry

d. ☐ Fishing Vessel

e. ☐ Sailboat

f. ☐ All of the above.

76. An amphibious craft is a device that may be propelled, moved, or drawn both on water and on land. They are always subject to ad valorem taxation.

a. ☐ True

b. ☐ False

77. Barges that carry passengers may be exempt from documentation because of their use in certain internal or inland waters of the state.

a. ☐ True

b. ☐ False

78. A bulk carrier is a ship with one or more large holds and most are over 50 (net) tons burden and carry freight. Thus, they are exempt under section 3(*l)* of article XIII of the California Constitution.

a. ☐ True

b. ☐ False

79. Which of the following examples are generally carried on cargo ships? (Mark all that apply)

a. ☐ Cement

b. ☐ Wheat

c. ☐ Molasses

d. ☐ Chemicals

80. A canoe is a form of small boat, long and narrow and sharp at both ends, usually propelled by paddle, with no rudder or sail and can be exempt if it has a value of $500 or less.

a. ☐ True

b. ☐ False

81. A dredge is exempt from taxation under the provisions of article XIII, section 3(*l)* of the California Constitution when over 50 tons burden, as it does not carry passengers or freight.

a. ☐ True

b. ☐ False

82. Floating dry docks are used for the repair of below-the-waterline fittings and suffixes of ships. They are usually moored in dredged berths by anchors and vertical pilings. They are connected to electrical, water, and sewage disposal lines ashore. As such they should be classified as improvements.

a. ☐ True

b. ☐ False

83. A floating home has which of the following characteristics? (Mark all that apply)

a. ☐ It is designed and built to be used as a stationary waterborne residential dwelling.

b. ☐ It may be registered with the DMV if constructed before 1980 similar to older manufactured homes.

c. ☐ It is categorized as a vessel for property tax purposes.

d. ☐ It is a floating structure.

e. ☐ All of the above.

84. A sail boat is a boat propelled primarily or exclusively by a sail or sails. This type of vessel may be documented by the United States Coast Guard if it is over five tons burden.

a. ☐ True

b. ☐ False

85. A sailboat may be subject to the 4 percent assessment under section 227.

a. ☐ True

b. ☐ False

86. A skiff may be subject to the 4 percent assessment if the vessel carrying the skiff is eligible.

a. ☐ True

b. ☐ False

87. A thrill watercraft may be exempt from taxation.

a. ☐ True

b. ☐ False

88. A yacht is always subject to taxation. It can be any one of various types of vessels characterized with sharp prow and graceful lines.

a. ☐ True

b. ☐ False

89. Match the following by definition:

1	Barge
2	Bulk Carrier
3	Dredge
4	Ferry
5	Livery Boat
6	Skiff
7	Tanker
8	Tender
9	Tugboat

	Is held for renting, leasing, or chartering.
	Is not exempt from taxation under the provisions of article XIII, section 3(*l*) of the State Constitution when over 50 tons burden, as it does not carry passengers or freight.
	Does not include a vessel navigating the water of the ocean.

	Will range in size from less than 100 feet to over 1,000 feet in length.
	May be documented for use in the coastwise trade if built in the United States.
	May be numbered by the DMV, but it is usually documented by the Coast Guard.
	Depends on the port facility at which they dock.
	Is also known as a dinghy.
	Is a small, simple, shallow-draft boat.