



STATE BOARD OF EQUALIZATION

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Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

February 11, 1981

No. 81/21

TO COUNTY ASSESSORS, COUNTY COUNSELS,
AND OTHER INTERESTED PARTIES:

PROPERTY TAXES RULE 151

Enclosed is a copy of a notice of public hearing to be held March 30, 1981, at 2:00 p.m., in Room 102, 1020 N Street, Sacramento, California, on proposed amendments to Rule 151, Vessels Subject to the One Percent Assessment.

The proposed amendments to Rule 151 implement 1980 legislation which changes the one percent assessment rate for documented vessels to four percent.

Written comments for the Board's consideration, or requests to present testimony at the public hearing should be directed to me at the above address. Questions regarding the content of the rule amendments should be directed to Robert Keeling, Staff Counsel, (916) 323-7713.

Sincerely,

A handwritten signature in cursive script, appearing to read "Janice Masterton".

Janice Masterton
Calendar Clerk

JM:ms
Enclosures

NOTICE OF PROPOSED REGULATORY ACTION

BY THE

STATE BOARD OF EQUALIZATION

NOTICE IS HEREBY GIVEN that the State Board of Equalization, pursuant to the authority vested by Section 15606 of the Government Code, and to implement, interpret, or make specific Sections 135 and 227 of the Revenue and Taxation Code, proposes to amend Regulation 151 in Title 18 of the California Administrative Code, relating to property tax.

PUBLIC NOTICE: Notice is further given that a public hearing relevant to this action will be held in Room 102, Consumer Affairs Building, 1020 N Street, Sacramento, California, at 2:00 p.m., on March 30, 1981. Any person interested may present statements or arguments orally at that time and place.

INFORMATIVE DIGEST: Rule 151 has been revised to change the one percent assessment on documented vessels to a four percent assessment. The revision was made to make the rule conform with Revenue and Taxation Code Section 227 (amended by AB 3155, Ch. 1208, Stats.

1980). Section 227 had been amended by the Legislature to cause the net tax on documented vessels to remain unchanged when the assessment ratio changes to 100 percent as provided in Revenue and Taxation Code Section 135 (which was added by SB 1656, Ch. 1207, Stats. 1978).

ESTIMATE OF COST OR SAVINGS: The State Board of Equalization has determined that the proposed change will result in no direct or indirect cost or savings to any State, local, or Federal agency, school district, nor in Federal funding to the State.

INQUIRIES: Inquiries concerning this matter may be directed to Janice Masterton, at (916) 445-6479.

WRITTEN COMMENTS: Written statements or arguments will be considered by the Board if received by March 30, 1981; written statements or arguments are requested by March 12, 1981.

STATEMENT OF REASONS: The Board has prepared a statement of the purpose of the proposed action and the information relied upon in making the change, which statement is available to the public upon request.

The State Board of Equalization upon its own motion or at the instance of any interested person may adopt the changes proposed without further notice on or after March 30, 1981.

Dated: February 4, 1981

STATE BOARD OF EQUALIZATION

D D Bell

Douglas D. Bell
Executive Secretary

Rule No. 151. (Cal. Adm. Code) Vessels Subject to the ~~One~~ Four Percent Assessment

(a) A vessel which meets the requirements of section 130 of the Revenue and Taxation Code shall be assessed at ~~one~~ four percent of full cash value under the provisions of section 227 of said code if it is engaged or employed exclusively in one or more of the following activities:

- (1) The taking and possession of fish or other living resource of the sea for commercial purposes.
- (2) Instruction or research studies as an oceanographic research vessel.
- (3) Carrying or transporting seven or more people for hire for commercial passenger fishing purposes.

In determining whether a vessel is engaged or employed exclusively for "commercial purposes" in paragraph (1) above or "commercial passenger fishing purposes" in paragraph (3) the assessor shall consider the design of the vessel and the business engaged in by, or occupation of, the owner and any other person leasing or chartering the vessel. In considering the design of the vessel, the assessor shall determine whether the vessel has adequate carrying capacity, gear, and mechanical equipment sufficient to enable the owner to accomplish his intended commercial purpose. Any pleasure-boat use of the vessel is disqualifying irrespective of whether the vessel is or is not licensed as a commercial vessel.

Prior to approving the claim of a vessel purporting to be engaged or employed exclusively as an oceanographic research vessel in paragraph (2) the assessor shall require supporting documentation. Such documentation shall include one or more of the following:

- (1) A statement of the course of study with a recognized college or university.
- (2) The contract pursuant to which the vessel engages in research for a governmental agency, private foundation, or other organization.
- (3) A statement of the study being made, the procedure being used, and the estimated completion date.

(b) Vessels that may qualify under this rule include those registered with or licensed by the Department of Motor Vehicles as well as those required to have and having a valid marine document issued by the Department of Transportation, Marine Document Branch, U.S. Coast Guard or any federal agency subsequently granted licensing authority.

This rule does not apply to vessels exempt from taxation under Article XIII, Sec. 3(1) of the Constitution of the State of California.

(c) Tangible personal property subject to the ~~one~~ four percent assessment shall include the vessel and all equipment and furnishings that are normally required aboard the vessel during the accomplishment of the functions for which the vessel is being utilized.

Equipment includes navigational equipment such as radio transmitters, receivers, and other radio equipment, radar and sonar equipment, winches, anchors, lifeboats, engines, generators, signal systems, and other operational equipment as well as necessary fishing or scientific equipment. It excludes, however, aircraft which is subject to taxation under Part 10 of Division 1.

Equipment that is necessary for the accomplishment of the vessel's functions and is required aboard during certain seasons or periods is also subject to the ~~one~~ four percent assessment while stored ashore during the off seasons or periods.

Furnishings include stoves, dishes, bunks, chairs, fire extinguishers, tools, athletic or recreational equipment, and other property necessary for the accomplishment of the functions of the vessel or the comfort and convenience of the persons onboard. Consumable supplies are not part of the vessel.

Leased equipment and furnishings that are normally required aboard the vessel during the accomplishment of its functions are to be assessed at ~~one~~ four percent of full cash value.

Tangible personal property that is necessary in maintaining, servicing, or repairing the vessel or its equipment and furnishings but is not normally required aboard the vessel is not subject to the ~~one~~ four percent assessment. Examples of this type of property are: cranes affixed to the dock and used in loading or unloading the vessel; communication equipment maintained ashore and used in communicating with the vessel, and scientific equipment maintained ashore and used in processing data compiled by a research vessel.