860.0020

(916) 445-4982

January 31, 1980

Honorable Jack M. Waterman
Ventura County Assessor
800 S. Victoria Avenue
Ventura, California 93009

Attention: Mr. Peter H. Finie
Marine/Aircraft Appraiser

Dear Pete:

We are writing in response to your recent inquiry regarding the exemption of vessels.

Your first question involved a vessel over 50 tons burden under contract to ferry drilling crews to and from offshore drilling facilities. You ask whether this activity would qualify the vessel for exemption under Article XIII, Section 3(L) of the California Constitution. The reason you question the vessel's eligibility for exemption is because the vessel is not hauling passengers in the normal sense.

In Star and Crescent Boat Co. v. San Diego County, 163 Cal. App. 2d 534, tugboats were under contract to pull barges filled with petroleum products. The court held that the tugs were hauling freight for hire and eligible for exemption. Based on the findings in this case, we suggest that the vessel in your inquiry would be eligible since the vessel is commercially engaged in hauling people to and from given points, even though, as you point out, the vessel is not available to haul passengers generally.

The same reasoning would apply to your second question regarding the vessel under contract to haul supplies and equipment to the drilling rigs. The vessel is commercially engaged in hauling freight, although not on a public carrier basis.

Your next question dealt with vessels eligible for the one-percent assessment ratio under Revenue and Taxation Code, Section 227. Your question dealt with a vessel employed in taking seven or more people out for purposes of scuba diving. Apparently, the vessel has a sport-fishing license which is needed only if the passengers elect to fish rather than scuba dive.

We would recommend that vessels employed in this manner are not eligible for the one-percent assessment. They are not employed exclusively in carrying or transporting seven or more peeople for hire for commercial passenger fishing purposes. Scuba diving purposes are not the same as passenger fishing purposes.

We might add that for 1980 and subsequent years carrying seven or more people for fishing purposes is no longer an eligible activity for the one-percent assessment.

Your last question asked whether amended Revenue and Taxation Code, Sections 6368 and 6363.1 should be used in determining if a vessel qualified for the one-percent assessment ration as a commercial fishing vessel. Sections 6368 and 6368.1 provide criteria for use in determining whether a vessel is exempt for sales and use taxes. These sections do not apply for property tax purposes.

Sincerely,

Buddy W. Florence
Senior Property Auditor-Appraiser
Assessment Standards Division

BWF:dg

Cc: Honorable George r. Reilley
Mr. Gordon P. Adelman