TO COUNTY ASSESSORS:

VEssel Valuation Factors for Lien Date 2014

In 2008, Board staff initiated a project to develop factors for use by county assessors in the mass appraisal of vessels when determining a value for property taxation purposes. Upon completion of the initial study, and with additional information provided by assessors' offices, we have issued factors annually, including Letter To Assessors 2013/009 which provided the factors for the 2013 lien date.

Current data indicate that the market is still not in full recovery for all vessel categories. Though some categories have rebounded, such as for personal watercraft and sailboats, those that have strengthened previously, such as the powerboat category after the decline in 2009-10, have weakened again going through another decline—the most notable being for the category of Powerboats Inboard/Outboard/Stern Drive 30 feet and over. Demand for the larger powerboats is weak this year with an overabundance of these powerboats being offered for sale, similar to the decline for sailboats for lien date 2013.

The enclosed valuation factors may be applied to historic costs of vessels purchased anytime during the 2013 calendar year; and to the 2013 lien date values for vessels that were previously determined by application of the BOE valuation factors. The 2014 lien date valuation factor table includes categories for:

- Powerboats
  - Inboard/Outboard/Stern Drive under 30'
  - Inboard/Outboard/Stern Drive 30' and over
- Sailboats
- Personal Watercraft (Jet Ski)

Length for the Inboard/Outboard/Stern Drive category have been adjusted from 38 feet to 30 feet based on current data and previous years data.

Based on data provided by county assessors, the powerboat valuation factors were derived using the following types/makes of vessels:

- Bass
- Center Console
- Cruiser
- Day Cruiser
- Fish and Ski
- Sports Fisher
- Ski
- Sports Runabout
- Trawler
- Utility Cruiser
The valuation factors are intended as a guide in the mass appraisal of vessels when determining value for property taxation purposes. However, relevant data pertinent to the assessment of specific property should always be reviewed and considered. We hope the information presented proves useful and that it promotes uniformity of assessments.

As this is an annual study, your input and assistance is welcomed so that we may provide you with the most representative and useful information possible. For questions or suggestions regarding the vessel study or factors, you may contact Mr. Michael Saunders at michael.saunders@boe.ca.gov or at 1-916-274-3365.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:mds
Enclosure
VEssel Valuation Factors
January 1, 2014 Lien Date

The valuation factors below may be applied to prior year's assessed values and to reported costs of vessels purchased anytime during the 2013 calendar year (See examples on following page.)

<table>
<thead>
<tr>
<th><strong>POWERBOATS</strong>* - Inboard/Outboard/Stern Drive Under 30 Feet</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>First year valuation factor for new models purchased in 2013</td>
<td>.86</td>
</tr>
<tr>
<td>Valuation factor for used models purchased in 2013</td>
<td>.93</td>
</tr>
<tr>
<td>Annual valuation factor for all vessels currently on the roll</td>
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*Bass Center Console Cruiser Day Cruiser Fish and Ski Racer Runabout Sports Cruiser

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<th><strong>PERSONAL WATERCRAFT</strong> (Jet Ski)</th>
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**Example 1**

A 36-foot powerboat was purchased used in 2009 for $200,000. Trending the original historical purchase price and subsequent enrolled values by the factors provided by the Board for each year results in the following 2014 lien date value:

\[
200,000 \times 0.80^1 = 160,000 \quad (2010 \text{ lien date value})
\]
\[
160,000 \times 1.05^2 = 168,000 \quad (2011 \text{ lien date value})
\]
\[
168,000 \times 1.00^3 = 168,000 \quad (2012 \text{ lien date value})
\]
\[
168,000 \times 0.97^4 = 162,960 \quad (2013 \text{ lien date value})
\]
\[
162,960 \times 0.86^5 = 140,146 \quad (2014 \text{ lien date value})
\]

**Example 2**

A 28-foot powerboat was purchased new for $300,000 during the 2013 calendar year. Depreciating the purchase price of this vessel by the appropriate factor results in the following calculation to arrive at the lien date 2014 value:

\[
300,000 \times 0.86^5 = 258,000
\]

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1 See Letter To Assessors 2010/004, *Vessel Depreciation Factors.*
2 See Letter To Assessors 2010/076, *Vessel Valuation Factors.*
3 See Letter To Assessors 2012/004, *Vessel Valuation Factors*
4 See Letter To Assessors 2013/009, *Vessel Valuation Factors.*
5 See factor contained in this Letter To Assessors.