

State of California
BOARD OF EQUALIZATION
PROPERTY TAX RULES

Chapter 1. State Board of Equalization – Property Tax
Subchapter 2. Assessment
Article 3.5. Special Classifications

Rule 151. VESSELS SUBJECT TO THE FOUR PERCENT ASSESSMENT

Reference: Sections 130, 135, 227, Revenue and Taxation Code.
Section 15606, Government Code.

(a) A vessel which meets the requirements of section 130 of the Revenue and Taxation Code shall be assessed at 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 and holds a current certificate of inspection issued by the United States Coast Guard. A vessel shall not be deemed to be engaged or employed in activities other than the carrying or transporting of seven or more persons for hire for commercial passenger fishing purposes by reason of that vessel being used occasionally for dive, tour, or whale watching purposes. For purposes of this subdivision, “occasionally” means 15 percent or less of the total operating time logged for the immediately preceding assessment year.

(b) In determining whether a vessel is engaged or employed exclusively for “commercial purposes” in paragraph (a)(1) above or “commercial passenger fishing purposes” in paragraph (a)(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.

(c) Prior to approving the claim of a vessel purporting to be engaged or employed exclusively as an oceanographic research vessel in paragraph (a)(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.

(d) 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, Vessel Documentation 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(l) of the Constitution of the State of California.

(e) Tangible personal property subject to the 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.

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(1) 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 of the Revenue and Taxation Code. 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 four percent assessment while stored ashore during the off-seasons or periods.

(2) 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 on board. 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 four percent of full cash value.

(3) 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 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.

History: Adopted January 7, 1970, effective February 8, 1970.
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