Aircraft

General
For purposes of the BOE’s assessment practices survey, aircraft are divided into four areas of review: general aircraft, certificated aircraft, fractionally owned aircraft, and historical aircraft.

General Aircraft

General aircraft are privately owned aircraft that are used for pleasure or business, but that are not authorized to carry passengers, mail, or freight on a commercial basis. Section 5363 requires the assessor to determine the market value of all aircraft according to standards and guidelines prescribed by the BOE. Section 5364 requires the BOE to establish such standards. On January 10, 1997, the BOE approved the Aircraft Bluebook-Price Digest (Bluebook) as the primary guide for valuing general aircraft, with the Vref Aircraft Value Reference (Vref) to be used as an alternative guide for aircraft not listed in the Bluebook.

In accordance with Rule 205(b), general aircraft are assessable in the county where they are habitually situated when not in flight. An aircraft that spends a substantial amount of ground time at more than one airport has its tax situs at the airport where it spends the greatest amount of ground time.

Certificated Aircraft

Section 1150 defines certificated aircraft as aircraft operated by an air carrier or foreign air carrier engaged in air transportation while there is in force a certificate or permit issued by the Civil Aeronautics Board or by the California Public Utilities Commission authorizing the air carrier to engage in such transportation. This would include air taxis which are operated in scheduled air taxi operations.

Certificated aircraft are assessed in accordance with the methods described in section 401.17. Unlike general aircraft, which are normally assessed at the place where they are habitually located when not in flight, the assessments of certificated aircraft are allocated among taxing jurisdictions based on ground and flight time, and the number of arrivals and departures during a representative period, which representative period is designated by the BOE for each assessment year as provided in section 1153. Section 1152 provides the allocation formula to be used in the assessment of certificated aircraft.

Fractionally Owned Aircraft

Fractionally owned aircraft are fleets of aircraft managed and maintained by an operating company where ownership is distributed on a fractional basis similar to a timeshare in real property. The management company handles all operating requirements of the aircraft, including availability, maintenance, billings, shareowner usage, training, and flight crews.

Pursuant to section 1161, fractionally owned aircraft are assessed on a fleetwide basis to the manager in control of the fleet. Like certificated aircraft, fractionally owned aircraft are assessed on an allocated
basis using an "allocation factor." This allocation factor is a fraction, the numerator of which is the total number of landings and departures made by the fleet type in the county during the previous calendar year, and the denominator of which is the total number of landings and departures made by the fleet type worldwide during the previous calendar year.

Section 1162 contains a provision for the appointment of a lead county assessor's office to facilitate property reporting, allocation calculations, the transmittal of allocated values to other jurisdictions where situs has been established, and provide for coordinated multi-county audits.

Historical Aircraft

Aircraft of historical significance can be exempted from taxation if they meet certain requirements. Section 220.5 defines "aircraft of historical significance" as: (1) an aircraft that is an original, restored, or replica of a heavier than air powered aircraft 35 years or older, or (2) any aircraft of a type or model of which there are fewer than five such aircraft known to exist worldwide.

The historical aircraft exemption is not automatic. Each year, the owner of a historical aircraft must submit an affidavit on or before 5:00 p.m., February 15, paying a filing fee of $35 upon the initial application for exemption. Along with these requirements, aircraft of historical significance are exempt only if the following conditions are met: (1) the assessee is an individual owner who does not hold the aircraft primarily for purposes of sale, (2) the assessee does not use the aircraft for commercial purposes or general transportation, and (3) the aircraft was available for display to the public at least 12 days during the 12-month period immediately preceding the lien date for the year for which the exemption is claimed.

Scope of Review

The BOE's assessment practices survey team evaluates the assessor's practices and procedures regarding aircraft.

The specific areas of review may include, but are not limited to, the following:

General Program Elements

- Does the assessor have written procedures and policies regarding aircraft assessments?
- Does the assessor utilize Board-prescribed forms regarding aircraft?
- Does the assessor utilize any county-developed forms regarding aircraft?
- How many of the following types of aircraft are being assessed in the county and what is the total assessed value for each type?
  - General aircraft?
  - Certificated aircraft?
  - Fractionally owned aircraft?
- How many historical aircraft are located in the county and what is the total exempt value?
- What discovery tools does the assessor utilize to discover taxable aircraft in the county?
General Aircraft

- Does the assessor send annual aircraft statements to taxpayers? If so,
- Does the assessor use Board-prescribed form BOE-577, Aircraft Property Statement?
- If the assessor uses BOE-577, does the assessor properly apply a 10 percent penalty when the taxpayer fails to return the statement or fails to return the statement timely?
- Does the assessor list general aircraft in a separate section of the assessment roll for identification purposes?
- Does the assessor use Bluebook or Vref to value general aircraft? If so,
- Does the assessor properly apply the 10 percent adjustment to the listed retail value in order to value the aircraft in average condition?
- Does the assessor then make other adjustments for condition, engine hours, added equipment, and sales tax?
- Is it the assessor’s practice to perform field checks when assessing aircraft? If so, under what circumstances are field checks performed?
- Does the assessor annually submit to the California Department of Transportation's Division of Aeronautics a list of names and addresses of aircraft owners, including the make, model, registration number, and assessed value of all aircraft based in your county?

Certificated Aircraft

- Does the assessor apply the methodology set forth by the California Assessors' Association (CAA) Aircraft Subcommittee, including both minimum and market values for certificated aircraft valuation?
- Does the assessor follow the certificated aircraft allocation formula?
- Are there any air taxis operating in the county? If so,
- For property tax purposes, is the assessor properly valuing scheduled air taxis as certificated aircraft and valuing nonscheduled air taxis as general aircraft?
- How does the assessor value certificated aircraft when the CAA Aircraft Subcommittee does not establish a value?
- How does the assessor adjust for condition and optional equipment when valuing certificated aircraft?
- Is the county a designated lead county for any commercial air carriers?

Fractionally Owned Aircraft

- Is the county a designated lead county for any fractionally owned aircraft fleets?
• If the county is not a lead county, but the county has fractionally owned aircraft located in the county, how does the assessor value these aircraft?

**Historical Aircraft**

• Does the assessor accept late-filed claims for the historical aircraft exemption?
• Is the exemption only granted to individual owners who do not hold the aircraft for purposes of sale as required by section 220.5(b)(1)?
• How does the assessor ensure that the claimant does not use the aircraft for commercial purposes or general transportation in accordance with section 220.5(b)(2)?
• Does the assessor charge and collect the $35 application fee as required by section 220.5(e)?
• Is the historical aircraft claim form complete and properly signed under penalty of perjury by the owner of the aircraft in accordance with section 220.5(c)?
• Does the assessor require the claimant to submit a completed certificate of attendance signed by the event coordinator, establishing that the aircraft was available for public viewing for at least 12 days during the year in accordance with section 220.5(b)(3)?