



NOV 1978

(916) 445-3076

March 1, 1978

Mr. Robert L. Risberg
Tehama County Assessor
P. O. Box 759
Red Bluff, CA 96080

Attention: Mr. William V. Holton
Associate Property Auditor Appraiser

Dear Mr. Holton:

You recently requested our opinion on the question whether "Trout Farms" inventory should be exempt from taxation as growing crops. You suggest the possibility that if water is a product of the earth, it may follow that trout raised in that water are growing crops exempt from taxation. Although this is an ingenious concept, our conclusion is that this property should be valued as inventory under Property Tax Rule 10(b).

At common law there were two classifications of crops, "Fructus Naturales" which were products solely of nature and "Fructus Industriales" which were cultivated plants that were the result of annual labor. California case law has adopted a definition of growing crops that is similar to the term fructus industriales. (See Cottle v. Spitzer, 65 Cal. 453 and Miller v. County of Kern, 137 Cal. 516.) In addition, water itself is different in classification from the soil on which crops grow. The soil of crops is part of the land and is indistinguishable from the land. When one buys the land he acquires ownership of the soil in which he will plant his crops. Water, on the other hand, is classified as a mineral and under California law one purchasing the land does not acquire title to the water. There are rights to a reasonable use of water but no ownership of the water itself.

From these principles it follows that water is not a product of the earth, like soil, and any conclusion based upon this assumption would be incorrect. Similarly, the trout grown on trout farms cannot meet the test of growing crops as defined by the California courts.

Very truly yours,

Robert D. Milam
Tax Counsel

RDM:fp
RDM:fp

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No. 86/60

August 14, 1986

TO COUNTY ASSESSORS:

ASSESSABILITY OF VIDEO CASSETTE TAPES
IN DEALERS' INVENTORIES

Video cassettes held exclusively for sale or rent are exempt from ad valorem property taxation under Revenue and Taxation Code Section 219, the business inventory exemption.

Video cassettes actually rented or leased on the lien date do not qualify for the inventory exemption and are subject to property tax. Their taxability is limited to the full value of the tangible material by Revenue and Taxation Code Section 988. Section 988(a) provides that the value of motion pictures, including prints thereof, is "...the full value of only the tangible materials upon which such motion pictures are recorded."

As used in Section 988, "'motion pictures'...includes those intended for transmission, exhibition, or exploitation, by any means or method...." and "'prints' includes any film or other tangible property, and reproductions thereof, upon which is recorded...the sound or action of motion pictures...." (Emphasis added.)

If you have any questions, please contact our Business Technical Services Section at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AL-05-3158A