

VESSELS AUTHORITATIVE CITATIONS

The following provides the authoritative citations for the Vessels Survey Topic. In general, citations include Constitutional provisions, sections of the Revenue and Taxation Code, other applicable statutes, court cases, Property Tax Rules, *Assessors' Handbook Sections*, Letters To Assessors, and legal annotations pertaining to the topic.

CITATION	DESCRIPTION
California Constitution	
Article XIII, §1	Unless otherwise provided by the California Constitution or United States law, all property is taxable and shall be assessed in proportion to its value.
Article XIII, §3(1)	Vessels of more than 50 tons burden in this state and engaged in the transportation of freight or passengers are exempt from taxation.
Article XIII, §14	All property taxed by local government shall be assessed in the county, city, and district in which it is situated.
Revenue and Taxation Code	
§130	A documented vessel is any vessel which is required to have and does have a valid marine document issued by the Bureau of Customs of the United States or any federal agency successor thereto, except documented yachts of the United States, or is registered with, or licensed by, the Department of Motor Vehicles.
§209	The exemption of certain vessels from taxation except for state purposes is as specified in California Constitution Article XIII, section 3(1).
§209.5	Right, title or interest in or to any vessel of more than 50 tons burden or 100 tons displacement, and the materials and parts held by the builder of the vessel at the site of construction for the specific purpose of incorporation therein, shall be exempt from taxation except for state purposes, while the vessel is under construction.
§227	A documented vessel shall be assessed at 4 percent of full cash value if it is engaged or employed exclusively in any of the following: <ol style="list-style-type: none"> (a) Taking and possession of fish or other living resource of the sea for commercial purposes (b) Instruction or research studies as an oceanographic vessel (c) In carrying or transporting seven or more passengers for hire for commercial fishing purposes and holds a certificate of inspection by the US Coast Guard.
§228(a)	A vessel with a market value of \$400 or less shall be free from taxation. <ul style="list-style-type: none"> • Only applies to vessels used or held for noncommercial purposes and shall

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	<p>not apply to lifeboats or other vessels used in conjunction with operations of vessels with a market value of more than \$400.</p> <ul style="list-style-type: none"> • This section shall not apply to more than one vessel owned, claimed, possessed, or controlled by an assessee on the lien date.
§229	A "floating home," unlike a vessel, is not designed for navigation, but is built to be used as a stationary waterborne residential dwelling. Floating homes are treated as real property having base year values.
§254	Any person claiming the classification of a vessel as a documented vessel eligible for assessment under section 227, must file an annual affidavit with the assessor.
§255	The documented vessel affidavit must be filed with the assessor between the lien date and 5 p.m. on February 15.
§275.5	A partial exemption of 80 percent is allowed for a documented vessel exemption claim filed after February 15 but on or before the following August 1.
§441	<p>Any person owning taxable personal property, other than a manufactured home, with an total cost of \$100,000 or more, must file a signed property statement with the assessor. Every person owning personal property that does not require the filing of a property statement shall, upon request of the assessor, file a signed property statement.</p> <p>The property statement shall be filed annually with the assessor between the lien date and 5 p.m. on April 1. The penalty provided by Section 463 applies for property statements not filed by May 7.</p>
§463	Any person required by law or requested by the assessor to file an annual property statement must do so by 5 PM on the last Friday in May, or be subject to a penalty of 10% of the assessed value of the unreported taxable tangible property.
§1137	When a ferry connects points in more than one county, the wharves, storehouses, and stationary property connected to the ferryboat operation are assessed in the county or counties where they are located. The ferryboat shall be assessed in equal portions in the counties it connects.
§1138	<p>Vessels documented outside this state, but traveling regularly in California's waters and the owners reside in this state shall be assessed in this state. (home port rule applies)</p> <ul style="list-style-type: none"> • The "home port" rule pertains to situs of sea-going vessels, which are normally documented. Home port rule holds that the permanent and thus taxable situs remains the port where the vessel receives "opportunities, benefits, and protection," normally the home port or port of registration.

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	Commerce Clause of the U.S. Constitution, article 1, section 8 permits vessels to be taxed at the port of registration or domicile of the owners.
§1139	When the vessel owner has removed the vessel from the place of documentation and so informs the assessor in writing, the vessel shall be assessed in the county where habitually moored.
§1140	Vessels, except ferryboats, regularly engaged in transporting passengers or cargo between two or more ports, and vessels, concerning which notice of habitual place of mooring has not been given, shall be assessed only in the county where documented.
§1141	Vessels not required to be documented shall be assessed where they are habitually moored when not in service.
Property Tax Rules	
Rule 151	Provides guidance in identifying and assessing documented vessels.
Assessors' Handbook	
AH 576 (February 2002)	<i>Assessment of Vessels.</i> Contains extensive information about registration, identification, classification, and valuation of taxable vessels in California.
Letters to Assessors	
79/80	Vessels used in harvesting artificially seeded oyster beds qualify for the one percent assessment for documented vessels under §227.
82/43	Floating homes are not vessels. They shall be treated as if they were real property for tax assessment purposes. All other provisions of Article XIII A apply to floating homes, except that the base year is 1979, not 1975, if no later change in ownership or new construction has taken place.
2016/003	Board-developed valuation factors for pleasure vessels, recommended to assessors as a guide for the mass appraisal of vessels for lien date 2016.
Annotations	
740.0015	A combination of factors will determine whether racing boats present in a county on lien date have established taxable situs there.
740.0030	A documented vessel owned by an out of state corporation and documented at a homeport in another state, may still be taxable in California if it has continuous

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	presence in a county.
740.0031	If an owner documents and relocates a vessel away from California to a foreign country, the vessel is still presumed to have situs in California until the owner established to the assessor that the vessel has acquired situs elsewhere.
860.0001	A documented vessel transporting scuba divers does not qualify for the §227 assessment.
860.0002	A documented vessel used for oceanographic research is eligible for the §227(b) assessment even if formal Coast Guard classification is delayed until after the lien date.
860.0010	The statutory timely filing and late filing deadlines for the documented vessel exemption cannot be waived by the assessor.
860.0020	Vessels over 50 tons burden under contract to ferry drilling crews, supplies, and equipment to and from offshore drilling facilities, qualify for Constitutional exemption.
860.0021	To qualify for the Constitutional exemption, the vessel must carry freight or passengers for hire. Where this function is performed by a subsidiary corporation that is not truly independent of the parent corporation, the vessel is not "transporting freight for hire" and hence is not eligible for exemption.
860.0022	In order for a vessel that engages only partially in qualifying transportation activities to qualify for the Constitutional exemption, it must spend more than 50 percent of its time in such activity.
860.0022.005	Vessels over 50 tons burden used to transport freight and passengers qualifies for a constitutional exemption. Tons burden means the net register tonnage, not the gross tonnage or the tonnage as measured under the International Convention of Tonnage Measurement of Ships of 1969
860.0023	A floating structure that uses a pump-out boat to remove waste from the floating structure to the city sewer system does not meet the conditions of section 229, which requires a permanent continuous hookup to a shoreside sewage system. A floating structure that does not meet the definition of a floating home under section 229 is treated as personal property and subject to annual assessment.
860.0025	A vessel cannot qualify for both the homeowners' and the documented vessel exemption at the same time; the vessel owner must elect and properly claim one of the exemptions.
860.0040	A vessel exclusively engaged or employed in the taking and possessing of a living resource of the sea or to pump sea water inland for oyster beds qualifies for the §227 exemption.

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860.0043	If a vessel documented in California and owned by a California resident is documented elsewhere and relocated, the assessor can continue to tax the vessel until the owner establishes the foreign situs to the assessor.
860.0045	Spare parts, for vessels that qualify for a constitutional exemption are considered part of the vessel when onboard and therefore qualify for the exemption. Spare parts ashore do not qualify for the exemption.