



**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)  
(916) 445-4982

GEORGE R. REILLY  
First District, San Francisco  
IRIS SANKEY  
Second District, San Diego  
WILLIAM M. BENNETT  
Third District, San Rafael  
RICHARD NEVINS  
Fourth District, Pasadena  
KENNETH CORY  
Controller, Sacramento  
DOUGLAS D. BELL  
Executive Secretary

May 22, 1978

TO COUNTY ASSESSORS:

No. 78/88

PET EXEMPTION OR AD VALOREM TAXATION

We have recently received several inquiries concerning the classification of animal as a "pet" for purposes of exemption pursuant to Section 224 of the Revenue and Taxation Code and Board Rule No. 134.

The term "pets" (e.g., fish, birds, insects, cats, dogs, horses) means and includes any animal held for noncommercial purposes and not as an investment. The term does not include those animals held or used in connection with a trade, profession or business. We suggest you consider the following criteria in determining if an animal is held for commercial purposes and, therefore, subject to ad valorem taxation:

1. Is the animal held or used in connection with a trade, profession or business of the owner? One indication of this is the owner taking animal related depreciation or expense deductions on his income tax returns.
2. Is the animal used in the production of offspring which are sold for an amount in excess of the expense of breeding and raising them to a marketable age?
3. Has the animal's proficiency gained monetary or other awards of substantial value?

If the answer to any of these questions is affirmative, then the animal should not be classified as a "pet", but rather as an animal held for commercial or investment purposes.

Sincerely,

Jack F. Eisenlauer, Chief  
Assessment standards Division

JFE:do