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December 23, 2008

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 Executive Director

No. 2008/081

TO COUNTY ASSESSORS:

VESSEL DEPRECIATION FACTORS

As announced earlier this year, Board staff initiated a project to develop depreciation factors to be used by county assessors in the mass appraisal of vessels when determining a value for property taxation purposes. With the assistance of many county assessors' offices, we have finalized the results of the depreciation study. Enclosed is a table of depreciation factors that may be used beginning with the January 1, 2009 lien date.

The database was developed using stated values from the (1) *BUC Used Boat Price Guide*, (2) *N.A.D.A. Marine Appraisal Guide*, and (3) *ABOS Marine Blue Book*. The database includes the values from 2005 through 2008 from the three value guides to ensure confidence in the factors developed. In the future, we will update the depreciation factors based on the current year's value guides to determine new lien date factors.

We did not establish a depreciation factor for houseboats since most new houseboats are custom built and the value guides do not include values for these custom built vessels. The enclosed depreciation table includes categories for:

Powerboats  
     Inboard/Outboard/Stern Drive to 42'  
     Inboard/Outboard/Stern Drive over 42'  
 Sailboats  
 Personal Watercraft (Jet Ski)

Based on data provided by county assessors, the powerboat depreciation factors were developed using the following types/makes of vessels:

Bass	Sportsfisherman
Center Console	Ski
Cruiser	Sports Runabout
Day Cruiser	Trawler
Fish and Ski	Utility Cruiser
Racer	Utility Runabout
Runabout	Utility
Sports Cruiser	Yacht

Information in the value guides used for our study indicated all classes of vessels that were included in our study experience a higher depreciation rate for the first year when purchased new from a dealer, except the category of sailboats. The sailboat category has a steady 3 percent decline until the tenth year, then it lowers to 1 percent thereafter. This first year of decline is included in the enclosed table.

We greatly appreciate the assistance from those assessors that responded to our survey on powerboats and to those who provided us with copies of the various value guides. We hope the information presented proves useful, and that it promotes uniformity of assessment. The table is intended as a guide in the mass appraisal of vessels when determining value for property taxation purposes. However, relevant data pertinent to the assessment of specific property should always be reviewed and considered.

As this is an ongoing study, your input and assistance is welcomed so that we can provide you with the most representative and useful information possible. For questions or suggestions regarding the vessel study or factors, you may contact Mr. Michael Saunders at [michael.saunders@boe.ca.gov](mailto:michael.saunders@boe.ca.gov) or at 916-322-1840.

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

DG:mds  
Enclosures

**VESSEL DEPRECIATION FACTORS**  
**January 1, 2009**

<b><i>POWERBOATS*</i></b>	
First year decline when purchased new from dealer <i>Applicable to both length categories</i>	12%
Inboard/Outboard/Stern Drive to 42' <i>Yearly decline beyond first year</i>	6%
Inboard/Outboard/Stern Drive over 42' <i>Yearly decline beyond first year</i>	4%
<b><i>SAILBOATS</i></b>	
Yearly decline from first year through year ten	3%
Yearly decline beyond ten years	1%
<b><i>PERSONAL WATERCRAFT (Jet Ski)</i></b>	
First year decline when purchased new from dealer	22%
Yearly decline beyond first year	8%

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|----------------|------------------|
| * Bass         | Sportsfisherman  |
| Center Console | Ski              |
| Cruiser        | Sports Runabout  |
| Day Cruiser    | Trawler          |
| Fish and Ski   | Utility Cruiser  |
| Racer          | Utility Runabout |
| Runabout       | Utility          |
| Sports Cruiser | Yacht            |