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No. 2013/009

January 11, 2013

TO COUNTY ASSESSORS:

VESSEL VALUATION FACTORS

In 2008, 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. Upon completion of the initial study, and with additional information provided by assessors' offices, we have issued factors annually, including Letter To Assessors 2012/004 which provided the factors for the 2012 lien date.

Current data indicates that the vessel market is still adjusting toward historical trends that were typical previous to the economic downturn and severe declines in values for vessels in 2009-10. An exception to this is for the category of sailboats. This year's data indicates that sailboats are experiencing a greater decline in value due to a higher than usual inventory of used sailboats for sale in the marketplace, along with a lower volume of sales occurring for new sailboats.

The enclosed valuation factors may be applied to historic costs of vessels purchased anytime during the 2012 calendar year; and to the 2012 lien date values for vessels that were previously determined by application of the Board's valuation factors. The 2013 lien date valuation factor table includes categories for:

Powerboats
 Inboard/Outboard/Stern Drive under 38'
 Inboard/Outboard/Stern Drive 38' and over
 Sailboats
 Personal Watercraft (Jet Ski)

Based on data provided by county assessors, the powerboat valuation factors were derived 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

The valuation factors are 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. We hope the information presented proves useful and that it promotes uniformity of assessments.

As this is an annual study, your input and assistance is welcomed so that we may 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 or at 1-916-274-3365.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:mds
Enclosure

VESSEL VALUATION FACTORS

January 1, 2013 Lien Date

The valuation factors below may be applied to prior year's assessed values and to reported costs of vessels purchased anytime during the 2012 calendar year
(See examples on following page.)

POWERBOATS* - Inboard/Outboard/Stern Drive Under 38'	
First year valuation factor for new models purchased in 2012	.91
Valuation factor for used models purchased in 2012	.97
Annual valuation factor for all vessels currently on the roll	.97
POWERBOATS – Inboard/Outboard/Stern Drive 38' and Over	
First year valuation factor for new models purchased in 2012	.91
Valuation factor for used models purchased in 2012	.99
Annual valuation factor for all vessels currently on the roll	.99

<ul style="list-style-type: none"> *Bass Center Console Cruiser Day Cruiser Fish and Ski Racer Runabout Sports Cruiser 	<ul style="list-style-type: none"> Sportsfisherman Ski Sports Runabout Trawler Utility Cruiser Utility Runabout Utility Yacht
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SAILBOATS	
First year valuation factor for new models purchased in 2012	.90
Valuation factor for used models purchased in 2012	.90
Annual valuation factor for all vessels currently on the roll	.90
PERSONAL WATERCRAFT (Jet Ski)	
First year valuation factor for new models purchased in 2012	.86
Valuation factor for used models purchased in 2012	.90
Annual valuation factor for all vessels currently on the roll	.90

Example 1

A 36-foot powerboat was purchased used in 2009 for \$200,000. Trending the original historical purchase price and subsequent enrolled values by the factors provided by the Board for each year results in the following 2013 lien date value:

$$\$200,000 \times .80^1 = \$160,000 \text{ (2010 lien date value)}$$

$$\$160,000 \times 1.05^2 = \$168,000 \text{ (2011 lien date value)}$$

$$\$168,000 \times 1.00^3 = \$168,000 \text{ (2012 lien date value)}$$

$$\$168,000 \times .97^4 = \$162,960 \text{ (2013 lien date value)}$$

Example 2

A 28-foot powerboat was purchased new for \$300,000 during the 2012 calendar year. Depreciating the purchase price of this vessel by the appropriate factor results in the following calculation to arrive at the lien date 2013 value:

$$\$300,000 \times .91^4 = \$273,000$$

¹ See Letter To Assessors 2010/004, *Vessel Depreciation Factors*.

² See Letter To Assessors 2010/076, *Vessel Valuation Factors*.

³ See Letter To Assessors 2012/004, *Vessel Valuation Factors*

⁴ See factor contained in this Letter To Assessors.