

Aircraft

General Aircraft

Section 5363 requires the assessor to determine the market value of aircraft according to standards and guidelines prescribed by the BOE. Section 5364 requires the BOE to establish such standards to be used by the assessor. On January 10, 1997, the BOE approved the *Aircraft Bluebook-Price Digest (Bluebook)* as the primary guide for valuing aircraft, with the *Vref Aircraft Value Reference* as an alternate for aircraft not listed in the *Bluebook*.

The Tuolumne County assessor enrolled assessed 176 general aircraft on the 2002-03 assessment roll with a total assessed value of about \$8.2 million. We found that the assessor annually reviews the values of the aircraft to determine their full values.

Historical Aircraft

Aircraft of historical significance are exempt from taxation upon meeting certain requirements. Section 220.5 defines "aircraft of historical significance" as any aircraft which is an original, restored, or replica of a heavier than air powered aircraft which is 35 years or older, or any aircraft of a type or model of which there are fewer than five in number known to exist worldwide.

The historical aircraft exemption is not automatic. The owner of a historical aircraft must submit an affidavit on or before 5:00 p.m., February 15, and pay a filing fee of thirty-five dollars (\$35) upon the initial application for exemption. Along with these requirements, aircraft of historical significance are exempt only if the following conditions are met: (1) the assessee is an individual owner who does not hold the aircraft primarily for purposes of sale; (2) the assessee does not use the aircraft for commercial purposes or general transportation; and, (3) the aircraft was available for display to the public at least 12 days during the 12-month period immediately preceding the lien date for the year for which exemption is claimed.

The assessor granted 50 historical aircraft exemptions totaling about \$1,521,575 on the 2002-03 assessment roll.

RECOMMENDATION 28: Require evidence that aircraft receiving the historical aircraft exemption have been properly displayed according to section 220.5.

We found that the assessor was very liberal in his interpretation of the "available for display" requirement in section 220.5. In many cases the assessor allowed the historical aircraft exemption for aircraft that never left the owner's tiedown or hangar.

Section 220.5 exempts "aircraft of historical significance" that has been on public display for at least 12 days in the year proceeding the current lien date. To meet the "display" test, the aircraft owner (1) must announce to the public the times and dates of display, (2) display the aircraft at least four hours on each display date, and (3) display the aircraft in an area accessible to and able to accommodate the public. Lax enforcement of the requirements for public display may allow ineligible aircraft to be exempted from taxation.

We recommend that the assessor require that the schedule of displays be properly completed and that the information be verified before granting an exemption for aircraft of historical significance.