GEORGIA DEPARTMENT OF REVENUE

LOCAL GOVERNMENT SERVICES DIVISION

COURSE III

VALUATION OF PERSONAL PROPERTY

Revised February 2025

Contents

Course Description

The Valuation of Personal Property course adheres to the requirements of O.C.G.A. § 48-5-268 (b)(1):

48-5-268 Training courses for new appraisers; continuing education for experienced appraisers; member of county appraisal staff to appraise tangible personal property

(b)(1) The department shall prepare, instruct, operate and administer courses of instruction for the training of new appraisers and the continuing education of experienced appraisers in the appraisal of personal property.

(2) In all counties except Class I counties, the chief appraiser shall designate at least one person on the county appraisal staff to be responsible for the appraisal of tangible personal property.

Any person or persons so designated shall be required to attend the standard approved training courses operated by the department in accordance with this subsection as part of their duties specified in subsection (b) of Code Section 48-5-263.

The course is designed to provide the students with generally accepted appraisal practices in the valuation of tangible personal property for ad valorem tax purposes utilizing legislation, regulations and judicial decisions that provide clear direction to achieve uniform and equitable personal property valuations within the county using the three approaches to value: the cost approach, the income approach and the sales comparison approach. The course utilizes lectures, quizzes, group activities, homework and classroom discussions to convey the skills necessary to list, appraise and assess tangible personal property. Students are encouraged to actively participate. Classroom participation will be monitored by instructor on a daily basis.

There is a fifty-question exam on the last day of class. The GCP coordinator assigned to this course will send the results of the final examination to the email indicated on the credit form in filled out in class. Credit for courses will be awarded to students that have met the mandatory 95% attendance requirement of 38 hours out of the 40 hours offered for this course, the completion of required coursework and a passing score of seventy percent or better on the final examination. Student's failure to pass exam can retake exam for $25 during the next regional exams at Southmeadow if registered within 2 weeks of results letter date or pay to retake course.

Resources

Official Code of Georgia Annotated (O.C.G.A)

Volume 36, Title 48 Revenue and Taxation, Chapter 5 Ad Valorem Taxation of Property

48-5-1 Legislative intent

The intent and purpose of the tax laws of this state are to have all property and subjects of taxation returned at the value which would be realized from the cash sale, but not the forced sale, of the property and subjects as such property and subjects are usually sold except as otherwise provided in this chapter.

Rules and Regulations of the State of Georgia

Department of Revenue Chapter 560, Local Government Service Division Chapter 560-11, Appraisal Procedures Manual Chapter 560-11-10

(1) Purpose. This appraisal procedures manual has been developed in accordance with Code section 48-5-269.1 which directs the Revenue Commissioner to adopt by rule, subject to Chapter 13 of Title 50, the "Georgia Administrative Procedure Act," and maintain an appropriate procedural manual for use by the county property appraisal staff in appraising tangible real and personal property for ad valorem tax purposes.

Judicial Decisions

Due to ambiguity and vagueness sometimes present in legislation and rules, judicial decisions will be referenced. It is important to remember the following in regard to judicial decisions:

- Superior Court is one of the five classes of trial level courts in Georgia. The decisions are only binding in the county where the decision was rendered.
- The Court of Appeals of Georgia is the court of first review for cases heard by trial courts for civil and criminal matters. A court of statewide jurisdiction whose decisions are binding upon all Georgia trial courts.
- Supreme Court of Georgia is the highest court in the state, reviews cases heard by the trial courts or Court of Appeals. Decisions in this court are binding precedents on all Georgia Courts.

Other Resources include Board of Tax Assessor's Policy Manual, Georgia Association of Assessing Officers/International Association of Assessing Officers Uniform Standards of Professional Appraisal Practice, and Opinions of the Attorney General.

Official Code of Georgia Annotated (O.C.G.A) Legal Reference

Below is a quick reference to selected laws that are relevant to personal property taxation.

CODE SECTION	DESCRIPTION
44-1-2	Realty defined: 1. All lands and the buildings thereon 2. All things permanently attached to land or to building thereon
44-1-3	Personalty defined: All property which is moveable in nature
44-1-6	Fixtures defined: Anything that is intended to remain permanently in place
48-1-2(19)	Personal Property defined
48-1-2(22)	Tangible Personal Property defined
48-1-8	Computer Software defined
48-2-16	Exchange of tax information (provide basis for Assessors to check figures on property tax returns against income and sales tax figures, etc)
48-2-61	Conveyances of property to avoid taxes are illegal
48-5-1	Legislative intent
48-5-2(1)	Fair Market Value Defined
48-5-2(4)	Foreign Merchandise in Transit (port counties) defined
48-5-3	All personal property subject to taxation, except as otherwise provided by law
48-5-5	Foreign merchandise in transit, as defined, acquires no tax situs
48-5-6	All property shall be returned at fair market value
48-5-7	All property shall be assessed at 40% at Fair Market Value
48-5-9	Persons liable for taxes on property
48-5-10	Property returns
48-5-11	Personal property returned in county of legal residence
48-5-12	Personal property of non-residents returned in county where located
48-5-16	Taxability at business situs
48-5-18	Time for making tax returns
48-5-19	Oaths of persons making returns
48-5-20	Failure to return property
48-5-41	Listings of exempt property
48-5-41.1	Qualified farm products and harvested agricultural products
48-5-41.2	Exemption from taxation of personal property in inventory for business
48-5-41.3	Tax exemption for timber equipment
48-5-42	Exemptions of household goods and $300 personalty exemption
48-5-42.1	$20,000 Personal Property exemption
48-5-43	Fertilizers exempt
48-5-48.1	Tangible Personal Property inventory exemption; application; failure to file application as waiver of exemption; denials; notice of renewals
48-5-48.2	Level 1 freeport exemption; referendum
48-5-48.5	Level 2 freeport exemption; application; filing; renewal

CODE SECTION	DESCRIPTION
48-5-48.5 & 48.6	Level 2 freeport exemption; referendum
48-5-105.1	Uniform personal property return forms
48-5-263	Duties of appraisal staff
48-5-268	Designation of Personal Property Appraiser
48-5-269.1	Uniform Procedural Manual for Personal Property
48-5-297	Duties of Assessors
48-5-299(a)	Duties of County Board of Tax Assessors
48-5-299(2)(B)	Penalty for Unreturned Property
48-5-299.1	Designation of Board of Assessors to Receive Tax Returns
48-5-300	Assessors have subpoena power to require documents, records, etc. deemed necessary
48-5-300.1	Time period for taxation of personal property; extension by consent; refunds
48-5-305	Assessors may develop rules and regulations providing manner of determining value of property not on digest
48-5-306	Board of Tax Assessor Duties
48-5-311	Creation of county boards of equalization; duties; review of assessments; appeals
48-5-314	Confidentiality of taxpayer records
48-5-441	Mobile Homes and Motor Vehicles classified as separate class of property, exclusive procedures for determining rates and collection
48-5-471	Motor Vehicles owned on January 1
48-5-472	Motor Vehicle inventory
48-5-491	Ad valorem taxation of mobile homes owned and held by dealers for sale; return of dealer's inventory; dealer's assessed value; determination of tax rate; time for payment of taxes; mobile homes in transit on January 1.
48-5-492	Issuance of mobile home location permits; issuance and display of decals
48-5-493	Failure to attach and display decal; penalties; venue for prosecution
48-5-494	Returns for taxation; application for and issuance of mobile home location permits upon payment of taxes due
48-5-495	Collection procedure when taxing county differs from county of purchaser's residence. (Mobile homes)
48-5-500	Definitions (1) "Construction Purposes" (2) "Heavy-Duty Equipment"
48-5-501	Equipment subject to ad valorem taxation
48-5-504	Self-propelled equipment is subclassification of motor vehicle for ad valorem taxation purposes
48-5-504.40	Watercraft held in inventory for resale exempt from taxation for limited period of time

CODE SECTION	DESCRIPTION
48-6-90	Taxation of banks and savings and loan
48-6-91	Taxation of foreign banks
48-6-97	Taxation of credit unions
48-1-6	Defrauding the state on taxes is a misdemeanor
16-10-71	Penalty for false swearing (up to $1,000 or 1-5 years)
16-10-20	Penalty for false statements (up to $1,000 or 1-5 years)
31-7-72	Certain real property owned by a hospital authority created in any county, municipality within that county, or combination thereof having a population of 50,000 or more according to the United States decennial census of 1990 or any future such census or any subsidiary or affiliate thereof shall be subject to state, county, and municipal ad valorem taxation
50-17-29(e)	Contractors and subcontractors tax exemption as a result of the performance on a state contract

Rules and Regulations of the State of Georgia

Below is a quick reference to the rules and regulations in the APM relevant to personal property.

RULE/REGULATION	DESCRIPTION
560-11-10-.02	**Definitions**
560-11-10-.02(1)	Definitions
560-11-10-.02(1)(b)	Appraiser
560-11-10-.02(1)(c)	Basic cost approach
560-11-10-.02(1)(d)	Depreciation
560-11-10-.02(1)(e)	Economic life
560-11-10-.02(1)(f)	Economic obsolescence
560-11-10-.02(1)(g)	Effective age
560-11-10-.02(1)(h)	Fair Market Value
560-11-10-.02(1)(i)	Final assessment
560-11-10-.02(1)(j)	Functional obsolescence
560-11-10-.02(1)(k)	Inventory
560-11-10-.02(1)(o)	Original cost
560-11-10-.02(1)(p)	Original cost new
560-11-10-.02(1)(q)	Paired sales analysis
560-11-10-.02(1)(r)	Personal fixtures
560-11-10-.02(1)(s)	Personal property
560-11-10-.02(1)(t)	Physical deterioration
560-11-10-.02(1)(u)	Ready market
560-11-10-.02(1)(aa)	Residual value
560-11-10-.02(1)(cc)	Salvage value
560-11-10-.02(1)(ff)	Tax situs
560-11-10-.02(1)(gg)	Trade fixtures
560-11-10-.02(1)(ii)	Trend
560-11-10-.08	**Personal Property Appraisal**
560-11-10-.08(1)	**Personal property identification**
560-11-10-.08(1)(a)	*Distinguishing personal property*
560-11-10-.08(1)(a)1.	Examples
560-11-10-.08(1)(a)2.	Identification of trade fixtures
560-11-10-.08(1)(b)	*Assessment date*
560-11-10-.08(1)(c)	*Freeport exemptions*
560-11-10-.08(1)(c)1.	Mailing applications
560-11-10-.08(1)(c)2.	Reviewing applications
560-11-10-.08(1)(d)	*Tax situs*
560-11-10-.08(1)(d)1.	General tax situs
560-11-10-.08(1)(d)(1.)(i)	Tax situs of personal property of Georgia residents
560-11-10-.08(1)(d)(1.)(ii)	Tax situs of personal property of Georgia non-residents
560-11-10-.08(1)(d)2.	Tax situs of boats
560-11-10-.08(1)(d)3.	Tax situs of aircraft

RULE/REGULATION	DESCRIPTION
560-11-10-.08(1)(d)4.	Tax situs of foreign merchandise in transit
560-11-10-.08(1)(e)	*Assessments of personal property used on state contracts*
560-11-10-.08(1)(e)1.	Personal property located in headquarters county
560-11-10-.08(1)(e)2.	Personal property not located in headquarters county
560-11-10-.08(1)(f)	*Partial assessments*
560-11-10-.08(2)	**Classification**
560-11-10-.08(3)	**Return of personal property**
560-11-10-.08(3)(a)	*Information sources*
560-11-10-.08(3)(b)	*Returns*
560-11-10-.08(3)(b)1.	Authorized return forms
560-11-10-.08(3)(b)1.(i)	Form PT-50P
560-11-10-.08(3)(b)1.(ii)	Form PT-50PF
560-11-10-.08(3)(b)1.(iii)	Form PT-50M
560-11-10-.08(3)(b)1.(iv)	Form PT-50A
560-11-10-.08(3)(b)2.	Obtaining returns from receiver
560-11-10-.08(3)(b)3.	Automatic returns
560-11-10-.08(3)(c)	*Reporting Schedules*
560-11-10-.08(3)(c)1.	Authorized reporting schedules
560-11-10-.08(3)(c)1.(i)	Schedule A
560-11-10-.08(3)(c)1.(ii)	Schedule B
560-11-10-.08(3)(c)1.(iii)	Schedule C
560-11-10-.08(3)(c)1.(iv)	Schedule D
560-11-10-.08(3)(c)1.(v)	Schedule E
560-11-10-.08(4)	**Verification**
560-11-10-.08(4)(a)	*Omissions and undervaluations*
560-11-10-.08(4)(b)	*Reassessments*
560-11-10-.08(4)(c)	*Review*
560-11-10-.08(4)(d)	*Audits*
560-11-10-.08(4)(d)1.	Scope of audit
560-11-10-.08(4)(d)1.(i)	Use of subpoena
560-11-10-.08(4)(d)2.	Contracts with auditing specialists
560-11-10-.08(4)(d)2.(i)	Notice to property owner
560-11-10-.08(4)(e)	*Audit selection criteria*
560-11-10-.08(4)(f)	*Property owner records*
560-11-10-.08(4)(f)1.	Record types
560-11-10-.08(4)(f)1.(i)	Income tax returns
560-11-10-.08(4)(f)1.(ii)	Property appraisals
560-11-10-.08(4)(f)1.(iii)	Insurance policies
560-11-10-.08(4)(f)1.(iv)	Tenant sales information
560-11-10-.08(5)	**Valuation procedures**
560-11-10-.08(5)(a)	*General procedures*

RULE/REGULATION	DESCRIPTION
560-11-10-.08(5)(a)1.	Information presented by property owner
560-11-10-.08(5)(a)2.	Selection approach
560-11-10-.08(5((a)3.	Rounding
560-11-10-.08(5)(b)	*Special procedures*
560-11-10-.08(5)(b)1.	Valuation of inventory
560-11-10-.08(5)(b)2.	Construction in progress
560-11-10-.08(5)(b)3.	Overhauls
560-11-10-.08(5)(c)	*Level of trade*
560-11-10-.08(5)(d)	*Ready markets*
560-11-10-.08(5)(d)1.	Liquidation sales
560-11-10-.08(5)(e)	*Sales comparison approach*
560-11-10-.08(5)(e)1.	Widely used pricing guides
560-11-10-.08(5)(e)2.	Lesser-known pricing guides
560-11-10-.08(5)(e)2.(i)	Validation of lesser pricing guides
560-11-10-.08(5)(e)2.(i)(I)	Arm’s length transactions
560-11-10-.08(5)(e)2.(i)(II)	Representatives
560-11-10-.08(5)(e)2.(i)(III)	Financing
560-11-10-.08(5)(e)2.(i)(IV)	Time of sale
560-11-10-.08(5)(e)2.(i)(V)	Discounts
560-11-10-.08(5)(e)2.(i)(VI)	Comparability
560-11-10-.08(5)(e)3.	Other factors
560-11-10-.08(5)(f)	*Cost approach*
560-11-10-.08(5)(f)1.	General procedure
560-11-10-.08(5)(f)2.	Book value
560-11-10-.08(5)(f)3.	Valuation as a whole
560-11-10-.08(5)(f)4.	Basic cost approach
560-11-10-.08(5)(f)4.(i)	Original cost new
560-11-10-.08(5)(f)4.(ii)	Economic life groups
560-11-10-.08(5)(f)4.(ii)(I)	Group I
560-11-10-.08(5)(f)4.(ii)(II)	Group II
560-11-10-.08(5)(f)4.(ii)(III)	Group III
560-11-10-.08(5)(f)4.(ii)(IV)	Group IV
560-11-10-.08(5)(f)4.(iii)	Composite conversion factors
560-11-10-.08(5)(f)4.(iv)	Basic cost approach value
560-11-10-.08(5)(f)4.(v)	Salvage value
560-11-10-.08(5)(f)5.	Further depreciation to basic cost approach to value
560-11-10-.08(5)(f)5.(i)	Physical deterioration
560-11-10-.08(5)(f)5.(ii)	Functional obsolescence
560-11-10-.08(5)(f)5.(iii)	Economic obsolescence

RULE/REGULATION	DESCRIPTION
560-11-10-.08(5)(f)5.(g)	*Income approach*
560-11-10-.08(5)(f)5.(g)1.	Straight-line capitalization method
560-11-10-.08(5)(f)5.(g)1.(i)	Income and expense analysis
560-11-10-.08(5)(f)5.(g)1.(ii)	Capitalization
560-11-10-.08(5)(f)5.(g)1.(ii)(I)	Discount rate
560-11-10-.08(5)(f)5.(g)1.(ii)(II)	Recapture rate
560-11-10-.08(5)(f)5.(g)1.(ii)(III)	Effective tax rate
560-11-10-.08(5)(f)5.(g)2.	Direct sales analysis method
560-11-10-.08(5)(f)5.(g)2.(i)	Gross income or rent multiplier
560-11-10-.08(5)(f)5.(g)2.(i)(I)	Adjustments
560-11-10-.08(6)	Final estimate of fair market value
560-11-10-.10	**Table of Composite Conversion Factors**
560-11-10-.10(1)	**composite conversion factors**
560-11-10-.08(1)(a)	*Group I composite conversion factors*
560-11-10-.08(1)(b)	*Group II composite conversion factors*
560-11-10-.08(1)(c)	*Group III composite conversion factors*
560-11-10-.08(1)(d)	*Group IV composite conversion factors*

Judicial Decisions

Below is a quick reference to selected Superior Court (SC), Court of Appeals of Georgia (CAG) and Supreme Court of Georgia (SCG) cases.

Court Case	Decided	Court	Specifics
AUDITS			
Eckerd Corporations vs. Coweta County BTA	08-11-97	CAG	Undervaluing of returned property; Incorrect returns; Cost as FMV
Fulton County BOA v. Saks Fifth Ave, Inc	03-29-01	CAG	Protective Order
Parisian, Inc v. Cobb County BTA	09-05-03	CAG	Audit Selection
Thorpe v. Benham	01-15-82	CAG	Spot Assessments
EQUITY & UNIFORMITY			
Fulton County et al v. Strickland	09-09-83	SCG	Factor Order Denied
Hutchins et al. v. Howard et al.	09-16-55	SCG	Uniformity among same class of properties
Register v. Langdale, Commissioner, et al.	12-09-69	SCG	Realty and tangible personal property are of the same class
Williams v. Dekalb County BTA	03-10-82	SCG	Uniformly assessed
EXEMPTIONS			
Denney et al. v. Coweta County et al.	05-04-98	CAG	Personalty
Gainesville Asphalt, Inc v. Hall County		CAG	State Project
Gold Kist v. Jones	03-07-74	CAG	Clear intent
Gwinnett County BTA v. APAC – Georgia, Inc		CAG	State Project
Clayton County Bds of Tax Assessors v. King	10-31-90	SCG	Taxable except as otherwise provided
Lunda Construction Company v. Clayton County	09-04-91	CAG	State Project
Thomas et al. v. NE GA Council, Inc, Boy Scouts of Amer	04-18-78	SCG	Burden of Proof
FREEPORT			
Apollo Travel Services v. Gwinnett County BTA	02-26-98	CAG	Leased Equipment
Cobb County BOA v. William Brothers, Inc	00-00-91	SC	Sales on retail level does not waive FP
Committee For Better Government vs. Black	01-30-95	CAG	Timely Filing
Dekalb County BTA v. Lanier Worldwide, Inc.	04-02-93	SC	Postmark date must be the same as the mailing date

Delta Air Lines v. Clayton County BTA	10-3-00	CAG	Aircraft parts and engines are eligible for FP
Fayette Cty. Bd. of Tax Assess. v. WalMart Stores, Inc.	3-13-20	CAG	Inventory purchased, held for shipment to retail stores exempt

Court Case	Decided	Court	Specifics
Fulton County Tax Commissioner v. General Motors Corp.	09-18-98	CAG	Includes Motor Vehicles & Mobile Homes
GECC v. Gwinnett County BTA		CAG	Leased Equipment
Georgian Art Lighting Design, Inc. v. Gwinnett County BTA	11-30-93	CAG	Error in values does not waive FP
G.H. Bass & Co. v. Fulton County BTA	06-16-97	SCG	File annually
GTE v. Gwinnett Co. Board of Tax Assessors	00-00-85	SC	Bookkeeping
Gwinnett County BTA v. Standard Distributing & Supply of GA	09-10-03	CAG	Undervaluing inventory does not waive FP
Kraft Inc v. Gwinnett Co. BTA	00-00-81	SC	Inv in hands of orig. Manu. is allowed is eligible for FP
M&M Products Co., Inc. v. Clayton County BTA	00-00-00	SC	Timely Filing
Murray Bakery Products, Inc v. BTA of Richmond County	09-07-88	SCG	Supplies are not eligible for FP
Rockdale County v. Finishline Industry, Inc	05-27-99	CAG	Timely filing
Tennant Company v. Gwinnett County BTA	00-00-00	SC	Sales on retail level does not waive FP
William L. Bonnell Company, Inc v. Coweta County BTA	10-24-01	CAG	No particular accounting method is necessary
INVENTORY VALUATION			
G.C. Gilpatrick, etal, vs. Charles A. Henson, Jr., etal	01-04-72	SC	BTA Inv Policy
Macon-Bibb County BTA v. J.C. Penney Company	07-26-99	CAG	Obsolescence
LEASEHOLD IMPROVEMENTS			
Fulton County BOA v. McKinsey & Co	02-12-97	CAG	Improvements are fixtures taxable as realty; trade fixture
LEASEHOLD INTEREST			
Diversified Golf, LLC v. Hart County BTA	03-26-04	CAG	Nontaxable Usufruct
Ferguson v. Leggerr, Commissioner, et al. Jekyll Island State Park Authority v. Ferguson et al.	05-07-70	SCG	Leasehold owner is taxable

Hart County BTA v. Dunlop Tire & Rubber Corp et al.	04-04-84	SCG	Leasehold interest is not taxable
PROPERTY VALUATION			
Chilivis et al. v. Backus et al.; and vice versa	01-27-76	SCG	HABU considered
Colvard v. Ridley	11-19-62	SCG	Best Information
Consolidated Distributors, Inc vs. City of Atlanta	04-16-42	SCG	All costs are taxed
Dougherty County Tax Assessors v. Burt Realty Co.	01-04-83	SCG	No Definite System
Fulton County et al. v. Strickland	09-09-83	SC	Equalization

Court Case	Decided	Court	Specifics
Rogers v. Dekalb County BTA	06-23-81	SCG	No Definite System
Wade v. Ray et al.	03-10-75	SCG	No Definite System
SITUS			
Brown & Company Jewelry, Inc vs. Fulton County BOA	03-19-01	CAG	Consigned Goods
Collins v. Mills	07-10-44	SCG	Business Situs
Joiner, tax-collector v. Pennington	05-12-15	SCG	Business Situs
Macon Coca-Cola Bottling Co v. Evans	03-10-58	SCG	Business Situs
Marion v. Floyd County Bd. of Equalization	02-08-99	SCG	Boat Situs
Rogers v. Dekalb County Bd of Tax Assessors	02-02-98	SCG	Aircraft Situs
Seabrook Corporation v. Chatham County BOE	05-11-90	CAG	FMIT not applicable
Pier 1 Imports v. Chatham County BTA	03-13-91	CAG	FMIT not applicable
SUBPOENA POWER			
Eckerd Corporation v. Fayette County BTA	02-08-96	CAG	In Contempt
Presley et al. v. Payne	07-14-82	SC	Contempt denied
TAXABILITY			
Townsend v. McIntosh	00-00-49		Unknown Owner
Wilmington Trust Company v. Glynn County et al.	02-19-04	CAG	Aircraft
VALUE IN USE			
Flambeau Corp vs. Morgan County BTA	07-01-99	CAG	Acceptable Use

Brief History of the Property Tax in Georgia

(as it pertains to Personal Property)

Before the uniformity concept existed, Georgia taxed property according to the type and location of property by placing a specified tax on an item established by the Tax Act of 1804. The tax rates were calculated as a percent of value or dollars per unit. For example, a tax of $25 was imposed on billiard tables. A head of cattle owned by citizens of Florida and kept in Georgia was five cents. The Tax Act stayed effective until 1852.

The General Property Tax System of 1852 that we know today was “according to the value” (ad valorem) of the property. Emphasis was placed on uniformity (all property should be taxed at the same percentage of value) and universality (all property should be taxed). Overall, the issue was uniformity. The change from the Tax Act of 1804 to the General Property Tax System of 1852 shifted the burden of taxation from town lots and merchants to rural landowners. Rural lands went from 19.8 percent to 25.8 percent and town lots went from 13.5 percent to 5.7 percent.

The 1852 legislation included the taxation of intangible and tangible personal property. Some examples are chattels, money, debt due, accounts receivable, public stocks, capital invested, goods, wares and merchandise.

Between the mid-19th century and mid-20th century, the list of personal property exemptions grew by Constitutional amendments and voters’ referendums. During the late 1970’s and early 1980’s inventory exemptions (i.e. Freeport) came into effect to lure businesses to Georgia in anticipation of economic growth. The taxation of intangible personal property was exempted partly to the under-reporting of these assets by the owner and the lack of uniformity.

The under-reporting of personal property has was always been an issue particularly in the 19th century with the commencement of the General Property Tax System due to the self-reporting nature of the property which led to inequities in tax burdens.

The assessment of personal property has improved drastically throughout the years due to the creation of legislation that safeguards the assessment of personal property from practices that are not fair and equitable to the property owner. Effective discovery, valuation and audit programs along with imposition of penalties for failure to report has provided a revenue stream to counties and municipalities by the assessment of personal property that cannot be overlooked. *(Sjoquist, David L., A Brief History of Property Tax in Georgia, Fiscal research Center, Andrew Young School of Policy Studies, Georgia State University, Atlanta, GA, FRC Report No. 182, August 2008)*

The Personal Property Appraisal Staff Statutory/Regulatory Duty

Appraisal Procedures Manual

Rule 560-11-10-.08

Personal property identification. The appraisal staff shall identify personal property, determine its taxability, and classify it for addition to the county ad valorem tax digest in accordance with this paragraph.

This Rule explains the importance of identifying the property in order to apply the appropriate valuation method. Identifying the property correctly will assist the appraiser in applying the valuation method that provides the best result. Therefore, a fourth directive could be to apply the correct valuation method.

This Rule provides three directives:

1. Identify the personal property. Is it personal or real property?
2. Determine its taxability. Is it taxable or exempt?
3. Classify it for addition to the tax digest. What is the property's class and strata?

Thus, rendering an estimate of fair market value that is fair and equitable is the desired result for the assessment of personal property.

Personal Property

Various Personal Property Definitions:

It is imperative to define personal property. The following institutions or organizations offer similar definitions for personal property.

Official Code of Georgia Annotated (O.C.G.A)

44-1-3 Personalty defined: All property which is moveable in nature, has inherent value or is representative of value, and is not otherwise defined as realty.

48-1-2(19): “Personal property” means all tangible personal property and all intangible personal property, as the terms are defined in this Code section.

Two Classes of Personal Property

48-1-2(13): “Intangible personal property” means the capital stock of all corporations; money, notes, bonds, accounts, or other credits, secured or unsecured; patent rights, copyrights, franchises, and any other classes and kinds of property defined by law as intangible personal property.

48-1-2(22): “Tangible personal property” means personal property which may be seen, weighed, measured, felt, or touched or which is in any manner perceptible to the senses. The term “tangible personal property” shall not include intangible personal property. This paragraph shall not apply to Chapter 8 of this title relating to sales and use taxation.

International Association of Assessing Officers (IAAO)

Personal property is defined by exception: property that is not real is personal. The salient characteristic of personal property is its movability without damage either to itself or to the real estate to which it is attached (2)

Uniform Standards of Professional Appraisal Practice (USPAP)

Personal Property: identifiable tangible objects that are considered by the general public as being “personal” – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

Personal fixtures. "Personal fixtures" means personal property that has been set-up or installed on land or in a building or in a group of buildings and is not permanently attached to such land or buildings. A consideration for whether personal property is a personal fixture is whether its removal would cause significant damage to such property or to the real property on which it has been set-up or installed. The term personal fixtures shall not include trade fixtures. Personal fixtures are classified as personal property. Examples of personal fixtures are desks, shelving, display cases and gondolas.

Personal property. "Personal property" means tangible personal property that may be seen, weighed, measured, felt, or touched or which is in any other manner perceptible to the senses. Personal property shall include trade fixtures. For the purposes of this Rule, personal property shall not include the capital stock of all corporations; money, notes, bonds, accounts, or other credits, secured or unsecured; patent rights, copyrights, franchises, and any other classes and kinds of property defined by law as intangible personal property.

Trade fixtures. "Trade fixtures" means fixtures that are owned and temporarily installed or attached to a rented space or building by a tenant and used in conducting a business. For personal property to be classified as trade fixtures the lease or rental agreement has to show intent for the fixtures to be removed by the owner at the termination of the lease. Fixtures that revert to the landlord when the lease is terminated are not trade fixtures. Property shall not be classified as a trade fixture when the cost of removal, or damage that removal would cause to the realty, or to the fixture itself, clearly indicates that a tenant is unlikely to remove such fixture at the termination of the lease. Trade fixtures shall be classified as personal property.

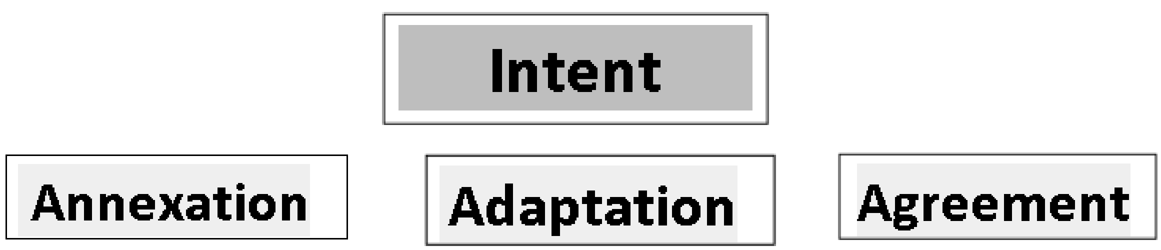
Rule 560-11-10-.08(1)(a) Personal Property Appraisal

1. Examples. As used in this Chapter, personal property shall be that property defined in Rule 560-11-10-.02(1)(r). This Rule shall provide illustrations to assist the appraiser in the proper interpretation of the definition. However, these illustrations should not be construed in a manner that conflicts with the definition. Examples of personal property are tangible items such as aircraft; boats and motors; inventories of retail stock, finished manufactured or processed goods, goods in process, raw materials and supplies; furniture, personal fixtures, trade fixtures, machinery and equipment.

Other examples that can be added to that list of tangible personal property directly related to the assessment of personal property for ad valorem taxation is construction in progress, consigned goods, leased or rented equipment and leasehold improvements. Leasehold improvements are upgrades made by a lessee to leased property.

Contrary to beliefs, in some instances, it can be difficult to distinguish between real property and personal property. For example, leasehold improvements include trade fixtures that a lessee usually removes at the end of the lease and other upgrades such as dropped ceilings, wallpaper, or paneling that could remain with the real estate at the end of the lease. In those instances, some courts have used the following three basic tests:

1. Method of annexation: How permanent is the method of attachment? Can the item be removed without causing damage to the surrounding property?
2. Adaptation to real estate: Is the item being used as real property or personal property?
3. Agreement: Have the parties agreed on whether the item is real or personal property in an offer to purchase?



These tests are not as cut and dry as they appear. Property that appears to be personal property is sometimes ruled as real property and vice versa. Leasehold improvements are usually one of the most difficult items to reconcile with regards to personal or real classification and to whom the property should be assessed. In those cases, judicial law is often times sought.

Judicial Decisions Leasehold Improvements

A96A1998 FULTON COUNTY BOARD OF ASSESSORS V. MCKINSEY & CO.,INC. COURT OF APPEALS OF GEORGIA 481 S.E.2D 580, 244 GA. App. LEXIS 493

SMITH, Judge.

This is an appeal from the superior court's decision that certain improvements to leased space are not taxable to the taxpayer/lessee, McKinsey & Company. Because the improvements at issue are fixtures taxable as realty, and because the lease did not create an estate for years in McKinsey, we affirm the trial court's conclusion that the improvements are not taxable as personal property.

The following facts were stipulated in the trial court by McKinsey and the Fulton County Board of Assessors: McKinsey occupies space in the Georgia Pacific Center pursuant to a written lease. When McKinsey first leased the premises in 1986, the leased space was unimproved. Pursuant to the lease, the owner of the property paid a large portion of the cost of improvements for occupancy by McKinsey as office space, and McKinsey paid the remainder of the cost. The improvements consisted of "all construction, including walls, doors, floor coverings, electrical, plumbing, heating and air distribution systems, ceilings, and lighting." Since 1986 McKinsey has also paid for the construction of other improvements necessary for occupancy of the space.

After McKinsey filed its 1994 tax return of tangible personal property the assessor issued a tax assessment valuing McKinsey's tangible personal property at an amount greater than that included in McKinsey's return. A portion of the increase was attributable to the inclusion of the value of computer wiring and other miscellaneous property, which McKinsey agrees is proper. The remainder of the increase represented the depreciated value of the cost of construction of improvements to the space occupied by McKinsey. McKinsey contended this portion of the increase in the assessment was improper and appealed from the notice.

On further review, the assessor again increased the value of McKinsey's tangible personal property. Its final valuation of personal property was $2,815,546. This amount was again attributable to the inclusion of depreciated cost of construction of improvements to the space occupied by McKinsey. On McKinsey's appeal from this valuation, the Board of Equalization concluded that the fair market value of McKinsey's tangible personal property was $2,533,930 (an amount slightly less that the value determined by the assessor). McKinsey then appealed to the Superior Court of Fulton County, and the parties stipulated the above-recited facts. They also stipulated the sole issue to be determined by the trial court: "[W]hether the depreciated cost of improvements to the leased premises (leasehold improvements) paid for by [McKinsey] may be assessed against [McKinsey] as its tangible personal property?"

1. In a well reasoned order, the trial court concluded that the improvements are fixtures and consequently not taxable as tangible personal property. We agree. The General Assembly has classified real property as "(1) All lands and the buildings thereon; (2) All things permanently attached to land or to the buildings thereon [emphasis supplied]; and (3) Any interest existing in, issuing out of, or dependent upon land or the buildings thereon." OCGA § 44-1-2(a). Fixtures are also included in this classification, defined as "[a]nything which is intended to remain permanently in its place even if it is not actually attached to the land." OCGA § 44-1-6(a). Fixtures pass with the realty. Id. "Under our law, real property includes not only the land but all improvements thereon. Thus, unlike items of personalty, the realty and the improvements thereon cannot be separated from each other." Fayette County Bd. of Tax Assessors v. Ga. Utilities Co., 186 Ga.App. 723, 725, 368 S.E.2d 326 (1988).

The improvements at issue are attached to and form an integral part of the building, and as aptly stated by the trial court, "their removal would do injury to the realty." As such, they are fixtures and comprise a part of the real estate. We note incidentally that even if fixtures did not constitute real property by operation of law, the lease itself contemplates that the improvements are to remain a part of the property at the end of the lease term. In addition, the lease reveals that the parties contemplated that any increase in ad valorem taxes would be assessed to the owner, who could then demand that McKinsey pay the increase. Because the improvements are fixtures and therefore by law are a part of the realty, see, e.g., Ga. Utilities Co., supra, the improvements were improperly assessed as personal property.

2. Apparently conceding that the improvements are part of the realty, Fulton County argues that the interest held by McKinsey is an estate for years as opposed to a usufruct and consequently that McKinsey was subject to taxation. We find no merit in this argument. First, the assessment at issue was on personal property. If the assessor had desired to attempt assessment of the real estate as an estate for years, it could have done so. Second, no estate for years existed under the lease. It is true that a presumption exists that a lease term for more than five years creates an estate for years, which is a taxable estate. Clayton County Bd. of Tax Assessors v. City of Atlanta, 164 Ga.App. 864, 865-866, 298 S.E.2d 544 (1982). This presumption may be overcome, however, if the facts surrounding the lease reveal the parties' intent to create a mere usufruct, which is not a taxable estate. Id. at 866, 298 S.E.2d 544. See also Camp v. Delta Air Lines, 232 Ga. 37, 39-40, 205 S.E.2d 194 (1974).

…[T]he lease provisions here "are incompatible with an estate for years as defined by Georgia law" and convey a "circumscribed and limited use of the premises ... characteristic of a usufruct." (Punctuation omitted.) Id. at 40, 205 S.E.2d 194. The lease restricts subletting and assignment rights "in a manner inconsistent with an estate for years which normally can be alienated without the grantor's consent." Id. at 41, 205 S.E.2d 194. It also restricts use of the space to office space only. In addition, the lease prohibits the changing of locks by McKinsey and provides that the landlord may enter the property whenever the landlord deems it reasonably "necessary or desirable" for certain enumerated purposes. ….[T]he lease requires the consent of the landlord to make alterations. Id. at 41, 205 S.E.2d 194. The lease also requires McKinsey to abide by a list of 23 rules and regulations. It also obligates the landlord to provide certain services such as janitorial service, heating, air-conditioning, and elevator service, duties "which generally are not characteristic of grantors of estates for years." The lease clearly shows that McKinsey "does not have an estate for years, carrying with it the right to use in as absolute a manner as a greater estate. The quantity and quality of [McKinsey's] rights under the present lease point to a conclusion that it creates only a usufruct." (Citations and punctuation omitted.) Id. The trial court did not err.

Judgment affirmed.

ANDREWS, C.J., and POPE, P.J., concur.

IDENTIFICATION OF SELECTED ITEMS AS REAL OR PERSONAL

(A General Guide)

In general, machinery and equipment used primarily as part of a manufacturing process (process equipment) is identified as personal property. Fixtures that are affixed to the land or building and intended to remain permanently in place are identified as real property.

Item	Real	Personal
Acoustical fire-resistant drapes & curtains		XX
Air rights	XX	
Asphalt plants - batch mix, etc., Moveable		XX
Air conditioning – building air conditioning, including refrigeration equipment, for comfort of occupants, built-in	XX	
Air conditioning – window units, package units, including, e.g., that used in data processing rooms and in manufacturing processing		XX
Airplanes		XX
Auto exhaust systems – flexible tube type		XX
Auto exhaust systems – built-in floor or ceiling	XX	
Awnings - Canvas	XX	
Back Bars	XX	
Banks - Instant Banks, Auto Tellers		XX
Bar and Bar Equipment		XX
Blast furnace	XX	
Blinds		XX
Boats and Motors – All		XX
Boiler - Primary for Process		XX
Boiler - For service of building	XX	
Booths - Restaurant		XX
Bowling Alley Lanes		XX
Buildings, Permanently Affixed	XX	
Burglar Alarms		XX
Cabinets		XX
Car Wash - All Equipment		XX
Carpets, Wall-to-Wall	XX	
Cage, On Interior for Protection		XX
Canopies, Attached to a Building or Free Standing	XX	
Canopies, Over Equipment Used as Part of		XX
Ceiling Fans	XX	

Item	Real	Personal
Chairs - All Types		XX
Checkout Stands		XX
Chimney Stacks	XX	
Cold Storage - Built-in cold storage rooms	XX	
Cold Storage – Refrigeration Equipment		XX
Compressed Air Systems		XX
Compressors		XX
Computers - All		XX
Concrete Flat-Work	XX	
Concrete Plant – Electronic mixing, Conveyors, Tanks, etc.		XX
Construction and grading equipment (non-licensed vehicles, etc.)		XX
Construction Materials		XX
Contoured Guards	XX	
Control Room	XX	
Control Room Equipment		XX
Control systems – Electronic		XX
Conveyor systems		XX
Cooking Equipment (restaurant, etc.)		XX
Coolers (walk-in) – prefab, portable		XX
Coolers (walk-in) – permanent	XX	
Cooling Towers – Primary use in Manufacture		XX
Cooling Towers – Primary use for Building	XX	
Counters (Bank, Restaurants, etc)		XX
Cranes		XX
Dairy Processing Plants – All Process Items		XX
Dams	XX	
Data Processing Equipment - All Items		XX
Desks – All		XX
Diagnostic Center Equipment (Auto)		XX
Ditches	XX	
Dock Levelers		XX
Doors, Except Vault Doors	XX	
Drinking Fountain, Built In	XX	
Drying Systems (Special heating in process system)		XX
Ducts	XX	
Dumpsters		XX

Item	Real	Personal
Dust Catchers, Control Systems, etc.		XX
Electrical Service, Used for Building	XX	
Electrical Service, Used for Manufacturing Equipment		XX
Electronic Control Systems - weighing, mixing, etc.		XX
Elevators, Freight or Passenger	XX	
Embankments	XX	
Escalators	XX	
Fans – Freestanding		XX
Farm Equipment – All		XX
Fences	XX	
Fill Material	XX	
Fire Alarm systems		XX
Flagpole		XX
Floors, Computer Room		XX
Floor Coverings, Hard Surface	XX	
Forklifts		XX
Foundations for Building	XX	
Foundations for Machinery and Equipment		XX
Furnaces - Steel Mill Process, etc., Foundry	XX	
Furnishings, Built-In	XX	
Furniture and Fixtures – Personal Property in Nature		XX
Graded Ground	XX	
Grain Bins, not permanently attached to realty		XX
Greenhouses - if permanently affixed	XX	
Greenhouse benches, heating system, etc.		XX
Heating Systems, Process		XX
High Pressure Systems (Air, Hydraulic)		XX
Hoists		XX
Hoppers - Metal Bin Type		XX
Hospital Systems – Oxygen, Public Address, (maybe leased) Emergency electric, Closed TV Call Systems, Autoclave, etc.	XX	
Humidifiers, process		XX
Ice Skating Rinks		XX
Incinerators - Moveable, Metal Type		XX
Industrial Piping, Process		XX
Inventories		XX
Irrigation Equipment		XX
Kiln Heating System	XX	
Kilns - Metal Tunnel, moveable		XX
Kitchen Appliances, Built In	XX	

Item	Real	Personal
Landscaping	XX	
Laundry Machines		XX
Law Libraries		XX
Leased Equipment – Lessor		XX
Leasehold Improvements	XX	XX
Leveled Ground	XX	
Lifts - Other than Elevator		XX
Lighting - Yard Lighting	XX	
Lighting - Shopping Centers	XX	
Livestock		XX
Machinery and Equipment		XX
Milk Handling - Milking, Cooling, Piping, Storage		XX
Minerals Interest, Leasehold Interest	XX	
Newspaper Racks		XX
Office Equipment – All		XX
Office Supplies		XX
Oil Company Equipment – Pumps, Supplies, etc.		XX
Operating Equipment		XX
Ovens - Food Processing		XX
Package and Labeling Equipment		XX
Paint Spray Booths		XX
Piling, for Support of Structure	XX	
Piping Used For Machinery		XX
Piping, Used For Service Building	XX	
Plumbing, Used For Servicing Building	XX	
Pneumatic Tube Systems		XX
Portable Buildings (greenhouse, construction, etc.)		XX
Power Generator Systems (auxiliary emergency, etc.)		XX
Printing Press		XX
Public Address Systems (intercom, music, etc.)		XX
Pumps, Irrigation		XX
Radiators, Steam	XX	
Radios (Two Way)		XX
Railroad Sidings (other than railroad-owned)	XX	
Refrigeration Systems – Compressors, etc.		XX
Restaurant Equipment, Built In	XX	
Restaurant Equipment, Free Standing		XX
Retaining Walls	XX	
Roads	XX	
Rock Crusher		XX
Safes		XX

Item	Real	Personal
Scales		XX
Scale Houses (Unless portable)	XX	
Screens, Movie-Indoor		XX
Screens - Drive-In Outdoor Theatre	XX	
Security Systems		XX
Seats – theatre		XX
Septic Tanks	XX	
Service Station Equipment – Pumps, Tanks (Underground), Lifts		XX
Sewer Systems	XX	
Shelving – Attached & Free Standing		XX
Signs (including billboards, etc.)		XX
Silos - Process		XX
Silos - Storage	XX	
Site Improvements	XX	
Skirting, For Mobile Homes Permanently & Affixed	XX	
Sound projection equipment		XX
Sound Systems		XX
Speakers (at drive-ins) all types		XX
Spray booths (unless built-in)		XX
Sprinkler System – Agricultural-Portable		XX
Sprinkler System – Lawn, Fire Protection	XX	
Stairs, Railings, Fire Escapes, Ladders - Attached	XX	
Switchboard (motel, large business, etc., when not owned by utility)		XX
Tanks - Manufacturing, Process, etc.		XX
Tanks – Permanently Affixed Structure, etc. (e.g., Bulk Plant)	XX	
Tanks - Service Station Underground Gasoline		XX
Teller Cages		XX
Tunnels - unless part of process system	XX	
Transformer Banks		XX
Towers - TV, Radio, CATV, Two-Way Radio, etc.		XX
Towers - Microwave and Equipment		XX
Telephone System – Private		XX
Utility Systems - (other than in state-assessed utilities, and other than central heating and cooling for buildings, etc., e.g., motel-owned telephone switchboard systems, private railroad sidings, private water systems, emergency power generating equipment, etc.)		XX
Buildings for Private Utility Systems	XX	

Item	Real	Personal
Vacuum System, Process		XX
Vats - Metal Equipment		XX
Vaults	XX	
Vault Doors		XX
Ventilation Systems – Building Improvement	XX	
Ventilation Systems – Manufacturing, Process, etc.		XX
Vent Fans – Freestanding		XX
Walk-In Coolers – Portable or Prefab, etc.		XX
Walls – Partitions, Portable, Movable, Detachable		XX
Walls – Partitions, Permanent, Floor-to-Ceiling	XX	
Water Lines - For process above or below ground		XX
Water Recovery System – Industrial		XX
Water Rights	XX	
Water Coolers, Electric		XX
Water Tanks, Process Equipment		XX
Wells	XX	
Wells - Pumps, Motors, Equipment		XX
Wiring – Power wiring for machinery and equipment		XX

It is important to remember that there are no absolutes in making the determination of whether assets should be classified as real or personal. As mentioned earlier, leases and other documents must be examined to determine the intent of the owner of the property. The appraiser must determine how the property is affixed to the realty and whether the property is there for the benefit of the process or the benefit of the building.

After property has been identified as personal, it must also be identified according to its classification and stratum.

Classification of Real and Personal Property on Individual Ad Valorem Tax Returns.

(1) Beginning with all ad valorem tax returns received after January 1, 1993, all taxable real and personal property returned or assessed for county taxation shall be identified according to the following classifications:

Residential (R)
This classification shall apply to all land utilized, or best suited to be utilized as a single family homesite, the residential improvements and other nonresidential homesite improvements thereon. For the purposes of this subparagraph, duplexes and triplexes shall also be considered single-family residential improvements.

1. This classification shall also apply to all personal property owned by individuals that has not acquired a business situs elsewhere and is not otherwise utilized for agricultural, commercial or industrial purposes.

Agricultural (A)
This classification shall apply to all real and personal property currently utilized or best suited to be utilized as an agricultural unit. It shall include the single family homesite that is an integral part of the agricultural unit, the residential improvement, the non-residential homesite improvements, the non-homesite agricultural land, and the production and storage improvements.

1. This classification shall also apply to all personal property owned by individuals that is not connected with the agricultural unit but has not acquired a business situs elsewhere and the personal property connected with the agricultural unit which shall include the machinery, equipment, furniture, fixtures, livestock, products of the soil, supplies, minerals and off-road vehicles.

Commercial (C)
This classification shall apply to all real and personal property utilized or best suited to be utilized as a business unit the primary nature of which is the exchange of goods and services at either the wholesale or retail level. This classification shall include multi-family dwelling units having four or more units.

Industrial (I)
This classification shall apply to all real and personal property utilized or best suited to be utilized as a business unit, the primary nature of which is the manufacture or processing of goods destined for wholesale or retail sale.

(3) Beginning with all ad valorem tax returns received after January 1, 1993, all taxable personal property returned or assessed for county taxation shall be further stratified into the following strata:

Aircraft (A)
This stratum shall include all airplanes, rotorcraft and lighter-than-air vehicles, including airline flight equipment required to be returned to the State Revenue Commissioner.

Boats (B)
This stratum shall include all craft that are operated in and upon water. This stratum shall include the motors, but not the land transport vehicles.

Inventory (I)
This stratum shall include all raw materials, goods in process and finished goods. This stratum shall include all consumable supplies used in the process of manufacturing, distributing, storing or merchandising of goods and services. This stratum shall not include inventory receiving freeport exemption under O.C.G.A. § 48-5-48-2. This stratum shall also include livestock and other agricultural products.

Freeport Inventory (P)
This stratum shall include all inventory receiving the Freeport exemption under O.C.G.A. Sec. 48- 5-48-2 and 48-5-48.6.

Furniture/Fixtures/Machinery/Equipment (F)
This stratum shall include all fixtures, furniture, office equipment, computer software and hardware, production machinery, off road vehicles, equipment, farm tools and implements, and tools and implements of trade of manual laborers.

Other Personal (Z)
This stratum shall include all personal property not otherwise defined in this paragraph.

Classification & Stratum Review

Identify the class and strata for the following with the class and strata.

1. Office Depot sells a variety of office machinery, equipment, furniture and fixtures.

2. Harry Norman Realty owns office machinery, equipment, furniture and fixtures.

3. Tyler Perry owns a 2017 Austin Parker 64 Flybridge Motor Yacht.

4. Tyler Perry owns a Gulfstream III jet.

5. Tyler Perry Studios Inc. owns a Gulfstream III jet.

6. A company manufactures plastic ware (cups, plates, utensils). Freeport approved.

7. Publix sells plastic ware (cups, plates, utensils).

8. Lamar Dalton, an individual, owns a 2018 3-seater Sea-Doo (Jet Ski).

9. Aviation, Inc is a wholesale distributor of aircraft parts.

10. A corporation holds interest in real estate financed through a development authority taxable as leasehold.

Valuation Defined

"Fair market value of property" with respect to the valuation of equipment, machinery, and fixtures when no ready market exists for the sale of the equipment, machinery, and fixtures, fair market value may be determined by resorting to any reasonable, relevant, and useful information available, including, but not limited to, the original cost of the property, any depreciation or obsolescence, and any increase in value by reason of inflation. Each tax assessor shall have access to any public records of the taxpayer for the purpose of discovering such information.

Value can have various meanings that may only be acceptable in certain situations. You learned in Course IA, an appraisal is an estimate or opinion of value and that there are three basic approaches used to estimate value.

- The cost approach is the value indicated by the current cost of replacing or reproducing a property less any accrued depreciation from physical deterioration or functional and economic obsolescence. Production equipment and inventory are normally valued using this approach.

- The market approach is the value indicated by recent sales of comparable properties. These sales are adjusted for financing, location, physical condition, productivity rating, use, age, size or capacity, model or style and other factors. Boats, aircraft, heavy duty equipment and most farm equipment are valued using this approach.

- The income approach is the value that can be supported by the net earning power of a property. This is accomplished by capitalization of the net income into a value estimate. Leased equipment maybe valued using this approach.

A personal property appraiser must develop an estimate or opinion of value utilizing the above three approaches to value (market, cost, income) and their professional judgment. First, the appraiser must distinguish and apply the accurate value concept (value in exchange or value in use) that is recognized for valuation purposes in Georgia. The distinction between cost, price, and value as well as the true definition of fair market value as it relates to personal property in Georgia must be discussed. Also, pertinent to the discussion of value is the various levels of trade.

Value in exchange is the amount an informed purchaser would offer in exchange for property under normal conditions. Value is market determined, based on comparison to other substitute goods and services in a competitive open market.

The value in exchange concept is a commodity and is not installed or, if installed, is to be removed from its present site and reinstalled elsewhere. Some tax jurisdictions may require that assessments be based on a value in exchange concept, even when property is installed and used as part of a going concern. In such places, the assessor must treat the equipment as if it was not installed and available for sale.

The following tests are useful when applied to industrial machinery and equipment to determine whether the value-in-exchange concept applies:

- The machine is not installed or is to be removed if in place.
- The highest and best use concept does not apply, due to machine is not presently in use.
- The machine is not employed as part of the business enterprise or can be removed from the business process and sold.
- The machine is not state of the art.

<u>Value in use</u> is the value of property for a specific use. It embodies the premise that an object's value is related to its use. For example, a factory that uses obsolete technology may still produce useful products. The value-in-use concept implies that equipment is installed and in continual use for generating income or performing its function. Value-in-use generally means value at the higher limit in a range of values and lends itself to the cost approach as a determinant of value.

The following tests are useful when applied to industrial machinery and equipment to determine whether or not the value-in-use concept applies:

- The machine is installed.
- The highest and best use is as installed for the purpose of producing income or a product/service.
- The machine is employed; it is part of the business enterprise used to produce income.
- The machine is state of the art, or a percentage of its productivity is measurable and economical; that is, its operation is economically feasible.
-

In Flambeau v. Morgan County Board of Tax Assessors Court of Appeals case, Justice Ruffin affirmed that the use of a "value in use" standard was not an inappropriate method of determining the fair market value of machinery and equipment for tax purposes. He stated in his opinion that "O.C.G.A (3)(A) contemplates that the assets are to be valued as installed and in use on their current site."

O.C.G.A. 48-5-2(3)(A)

In determining the fair market value of a going business where its continued operation is reasonably anticipated, the tax assessor may value the equipment, machinery, and fixtures which are the property of the business as a whole where appropriate to reflect the accurate fair market value.

Judicial Decision Value Concept

Flambeau Corp. v. MORGAN BD. OF TAX ASSESSORS, 520 S.E.2d 275 (1999)238 Ga. App. 812, No. A99A0412., Court of Appeals of Georgia., July 1, 1999.

Zimmerman & Associates, James G. Killough, Atlanta, for appellant.

Lambert & Roffman, Allan R. Roffman, Marvin J. Reitman, Jr., Madison, Hulsey, Oliver & Mahar, Thomas L. Fitzgerald, Gainesville, for appellee.

Thurbert E. Baker, Attorney General, Daniel M. Formby, Deputy Attorney General, Warren R. Calvert, Assistant Attorney General, Michael P. Ludwiczak, amici curiae.

RUFFIN, Judge.

Unhappy with the Morgan County Board of Tax Assessors' valuation of its personal property for tax purposes, Flambeau Corporation appealed its assessment to the county board of equalization, which lowered the assessment. The Board of Tax Assessors (the Board) then filed a de novo appeal to the superior court pursuant to OCGA § 48-5-311(g). Following a jury trial, the jury valued Flambeau's machinery and equipment at $8,366,500, the amount proposed by the Board, and the trial court entered judgment in that amount.

In its sole enumeration of error, Flambeau contends that the trial court erred in entering judgment upon the jury verdict because all value evidence submitted by the Board "was of `value in use in place' which is not a valid or legal standard of value." Flambeau does not contend generally that the evidence was insufficient to support the verdict and states in its brief that "the underlying issue is one of law, only." Thus, the only issue properly raised by Flambeau's enumeration is whether use of a "value in use in place" standard is improper as a matter of law, not whether the evidence in this case supported the jury's valuation under such a standard.

Unfortunately, in the argument section of its brief, Flambeau does not directly address the validity of a "value in use in place" standard as a matter of law. Rather, Flambeau argues that (1) the Board improperly adjusted the value of equipment and machinery to include freight and installation costs, thus "valuing equipment used by [Flambeau] as a separate class of tangible property than identical equipment held by other taxpayers for sale"; (2) the Board improperly included the value of fixtures and real property improvements in the value of Flambeau's personal property; and (3) the Board erroneously made a piecemeal valuation of parts of a going business instead of valuing the business as a whole. Of these three arguments, only the first has any relation to the issue raised in Flambeau's enumeration, and it goes more to the application of a "value in *276 use in place" standard than to the propriety of using such standard in the first place.

Pursuant to OCGA § 48-5-7(a), all tangible property is to be assessed based on its "fair market value." OCGA § 48-5-2(3) defines fair market value as the amount a knowledgeable buyer

would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale. With respect to the valuation of equipment, machinery, and fixtures when no ready market exists for the sale of the equipment, machinery, and fixtures, fair market value may be determined by resorting to any reasonable, relevant, and useful information available including, but not limited to, the original cost of the property, any depreciation or obsolescence, and any increase in value by reason of inflation.

OCGA § 48-5-2(3)(A) provides that [i]n determining the fair market value of a going business where its continued operation is reasonably anticipated, the tax assessor may value the equipment, machinery, and fixtures which are the property of the business as a whole where appropriate to reflect the accurate fair market value.

OCGA § 48-5-2(3)(A) clearly authorizes the tax assessor to value the assets of a going concern "as a whole," rather than valuing such assets as if they were to be sold piecemeal. James Nolan, the county's chief appraiser during the time in question, testified that, if a plant's assets were to be dismantled and sold piecemeal, costs for shipping and installing the equipment in a new location would not be included in the price paid by the purchaser. However, if the plant were to be sold as a going concern, with the equipment already installed and in use as an operating unit, such costs would be reflected in the purchase price. In other words, someone purchasing all the assets of a going concern will pay more than someone purchasing the same assets piecemeal, since the purchaser in the first instance will not have to incur the additional expenses, such as transportation and installation, necessary to assemble the equipment and integrate it into an operational unit. Thus, a piece of equipment in place and in operation as part of a going business is worth more than the same piece of equipment sitting idle.

Flambeau does not contest the validity of this analysis and indeed admits in its reply brief that it is "partly correct." It seems clear that, in authorizing the assets of a going concern to be valued "as a whole" for tax purposes, OCGA § 48-5-2(3)(A) contemplates that the assets are to be valued as installed and in use on their current site. If the assets "as a whole" were to be valued as if they were to be dismantled for shipping and installation in a new location, there would be no reason for the statute to require that the "continued operation" of the business be "reasonably anticipated." We note that courts in other states have upheld the use of a similar analysis in determining the fair market value of a going concern's tangible assets. See Sorokach v. Trusewich, 35 N.J.Super. 86, 92, 113 A.2d 194 (1955) (goal in determining fair market value of machinery and equipment of going business is "to determine `the fair market value of the machinery in place at the defendant's factory'"); Boise Cascade Corp. v. Dept. of Revenue, 12 Or.Tax. 263, 268-269 (Or.Tax.Ct.1991) (market value of taxable property includes "assemblage value," or "[v]alue created by assembling separate parts into an integrated whole," including "`start up' expenses incurred in bringing the assemblage to the point where it operates as an integrated unit"); Lionel Trains v. Chesterfield Township, 224 Mich.App. 350, 354-355, 568 N.W.2d 685 (1997) (upholding application of "in use" multiplier, as well as inclusion of freight and installation costs, in determining fair market value of property in use).

Because Flambeau has not shown that "value in use in place" is, as a matter of law, an inappropriate method of determining fair market value for taxation purposes, and because it does

not contend that the Board's evidence in general was insufficient to sustain the jury's verdict, its sole enumeration of error is without merit.

Judgment affirmed.

McMURRAY, P.J., and ANDREWS, P.J., concur.

Cost, Price, and Value

A comparison of terms cost and price is useful in a discussion of value. Cost is the sacrifice made (in terms of money, time, or labor) to acquire property. Cost may be incurred in either the purchase of an existing property or the construction of a new property. Price is the amount of money given or expected in exchange for property. Cost and price may be the same if the price paid equals the cost to produce the property. However, many properties are sold for a price that is greater than or less than the cost to produce.

Value and price are not synonymous. Price paid is a historical fact. It is the amount the seller agrees to accept, and the buyer agrees to pay for a particular property. Value is the monetary worth of real estate or personal property to buyers and sellers.

Market Value

The United States Supreme Court has defined market value for personal property in an 1865 case involving ad valorem duties on imports. In this case, the Supreme Court approved the trial judge's instructions to the jury as follows:

The market value of goods is the price at which the owner of the goods, or the producer, holds them for sale; the price at which they are freely offered in the market to all the world; such prices as dealers in the goods are willing to receive, and purchasers are made to pay, when the goods are bought and sold in the ordinary course of trade. You will perceive, therefore, that the actual cost of the goods is not the standard. (Cliqout's Champagne, 70 U.S. 125 1865)

However, Georgia law defines fair market value of personal property in O.C.G.A 48-5-2 and must be used by assessors throughout the state. The definition of "fair market value" in Georgia law does not deviate substantially from the term market value as defined in USPAP or other generally accepted appraisal theory.

"<u>Fair market value of property</u>" means the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale. The income approach, if data are available, shall be considered in determining the fair market value of income-producing property. If actual income and expense data are voluntarily supplied by the property owner, such data shall be considered in such determination. Notwithstanding any other provision of this chapter to the contrary, the transaction amount of the most recent arm's length, bona fide sale in any year shall be the maximum allowable fair market value for the next taxable year. With respect to the valuation of equipment, machinery, and fixtures when no ready market exists for the sale of the equipment, machinery, and fixtures, fair market value may be determined by resorting to any reasonable, relevant, and useful information available, including, but not limited to, the original cost of the property, any depreciation or obsolescence, and any increase in value by reason of inflation. Each tax assessor shall have access to any public records of the taxpayer for the purpose of discovering such information.

Level of Trade Concept

The level of trade (inventory cost) in which the taxpayer does business must be considered meaning it should be assessed at the trade level at which it is discovered. Property usually increases in value as it progresses through production and distribution channels until it achieves its maximum value at the consumer level. Property in the hands of the manufacturer who holds it for processing or sale should be valued at the amount for which it would transfer to other manufacturer who holds it for processing or sale should be valued at the amount for which it would transfer to other manufacturers of like property. Property in the hands of a retailer who holds property for sale or lease should be valued at the amount for which it would transfer to other retailers of like property. Property in the hands of a consumer should be valued at the price it would command when purchased by other consumers.

Rule 560-11-10-.08(5)(c) Level of trade

The appraisal staff shall recognize three distinct levels of trade: the manufacturing level, wholesale level, and the retail level. The appraiser shall take into account the incremental costs (freight, overhead, handling, installation) that are added to a product as it advances from one level to another that may increase its value as a final product. The appraisal staff shall value the property at its level of trade.

Level of Trade	Cost	Markup	Price to next level
Consumer	$ 1. 98*		
Retailer	$ 1. 32*	50 % profit and Costs = $. 66	$ 1. 98**
Wholesaler	$ 1. 10*	20 % profit and Costs = $. 22	$ 1. 32**
Manufacturer	$ 1. 00*	10 % profit = $. 10	$ 1. 10**

*Inventory is appraised at its cost (current level of trade)

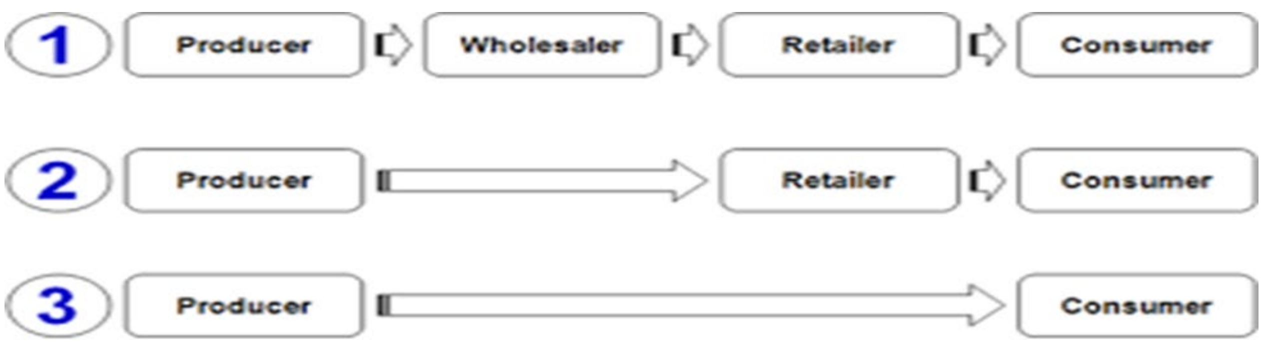
**Profit for the next level of trade is excluded.

Levels of trade can be determined by the marketing practices of various industries. Many industries use all three levels. The manufactures sells to the wholesaler or distributor at a manufacturer's price, the distributor then sells at a marked-up or distributor's price to a retailer, who, in turn, sells at a higher retail price to the ultimate user.

As the property moves through the various levels, the sale price at the previous level determines the market value to the buyer. As each sale is made, value is added in the form of a markup to move the item of property to the next trade level. The lowest market value is the manufacturer's level; the highest, at the retail level, Markup may include freight, handling, display, warehousing, sales commissions, profit, and other normal business expenses including merchandising.

Some manufacturers act as both manufacturer and retailer by developing their own marketing channels, eliminating the wholesaler or distributor. To maintain equity and uniformity in assessment of comparable property, the appraiser should consider inventory as having move to the wholesale or retail level and should add value as it moves to the next level, regardless of ownership. The appraiser must, therefore, determine the normal markup costs for that type of property.

A difficult application of the trade level concept occurs when an owner holding machinery and equipment is operating at more than one level. When a manufacturer transfer property to a subsidiary without the normal profit and costs, the appraiser must estimate what it would have cost had it been acquired in an arm's length transaction from an outside supplier, or the cash price at which the property would be sold in an arm's-length transaction to an outside customer. The courts have supported these kinds of trade level analysis which will be discussed later in the manual as associated with the valuation of inventory.



Below is an example of the level of trade as related to computer software in which Microsoft may be the Producer and Distributor and how the stages or levels of trade determines its taxability.

Computer Software

O.C.G.A 48-1-8 Computer Software

(a) As used in this code section, the term “computer software” means any program or routine, or any set of one or more programs or routines, which are used or intended for use to cause one or more computers or pieces of computer related peripheral equipment, or any combination thereof, to perform a task or set of tasks. Without limiting the generality of the foregoing, the term “computer software” shall include operating and application programs and all related documentation. (i.e., printer software, tax software, etc)

(b) Except as otherwise provided in subsection (c) of this Code section, for the purposes of Chapters 5 and 6 of this title, computer software shall constitute personal property only to the extent of the value of the **unmounted or uninstalled medium** on or in which it is stored or transmitted.

(c) Nothing herein shall be deemed to affect the taxation under Chapter 5 or Chapter 8 of this title of copies of computer software held as inventory in a tangible medium ready for sale at retail by one who is a dealer with respect to such property and the sale of which is subject to sales and use taxation. (i.e., retailer-inventory)

Level of Trade	Taxability	Example	Class Type
Developer	Exempt	Microsoft	Intangible/Tangible
Retailer	Taxable	Staples (Inventory)	Tangible
Consumer	Exempt	Home/Office (Personalty)	Intangible

The Appraisal Process

O.C.G.A. 48-5-299 (a) mandates "the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation" which is conducted by the county's appraisal staff utilizing the mass appraisal process. There are specific and general procedures that must be followed when facilitating the mass appraisal process to derive fair market value under normal and unusual circumstances for real and personal property. The appraisal staff must utilize the Georgia Code and the Appraisal Procedures Manual as primary authoritative sources when rendering fair market valuations. The Uniform Standards of Professional Appraisal Practice and the International Association of Assessing Officers may be used as secondary sources as long as they do not conflict with Georgia law and the APM. Also, the county board of tax assessors may not adopt local procedures that are in conflict with Georgia law or the APM.

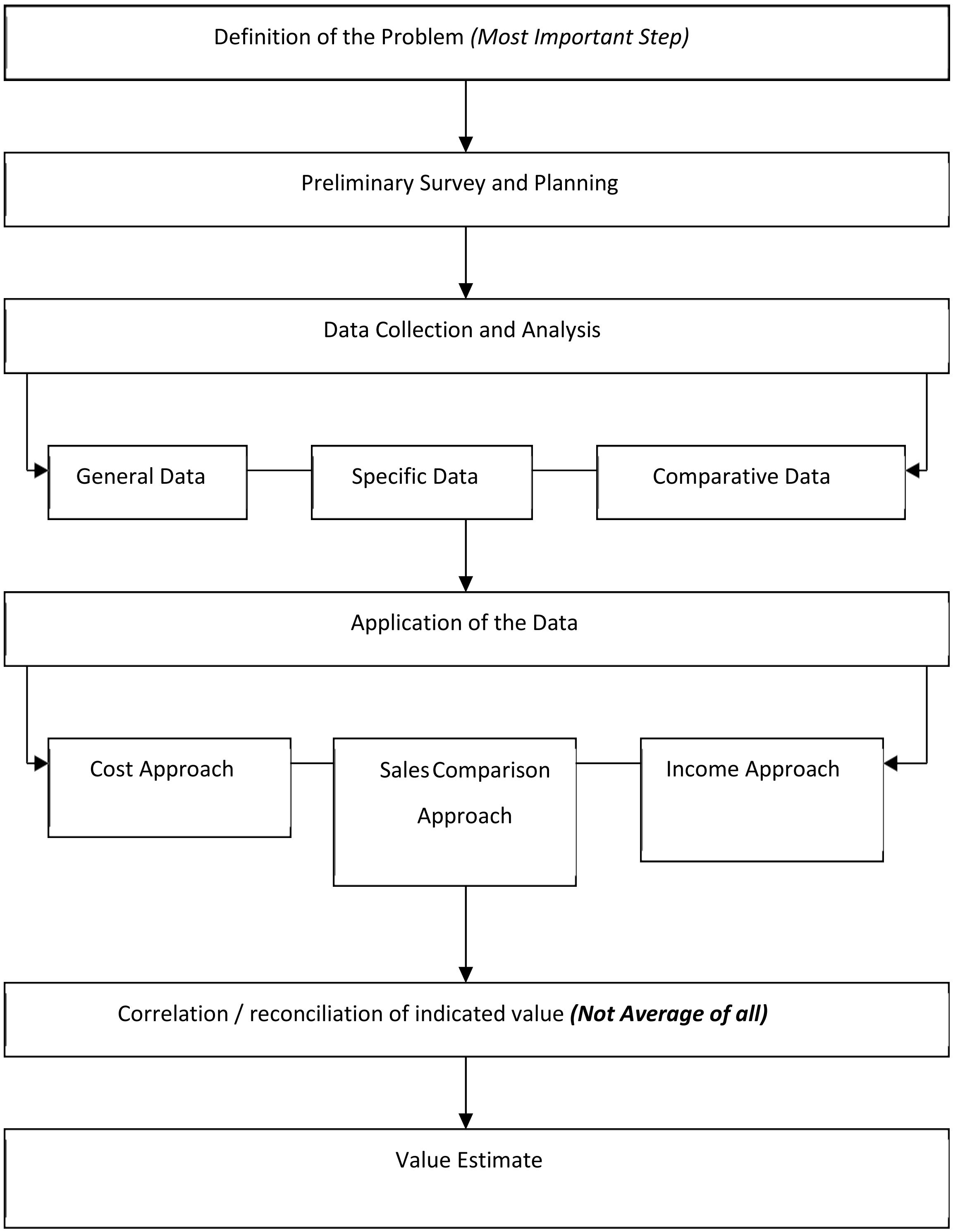
Appraisal Procedures Manual
Rule 560-11-10.01

Specific procedures. In order to facilitate the mass appraisal process, specific procedures are provided within this Chapter which are designed to arrive at a basic appraisal value of real and personal property. These specific procedures are designed to provide fair market value under normal circumstances. When unusual circumstances are affecting value, they should be considered. In all instances, the appraisal staff will apply Georgia law and generally accepted appraisal practices to the basic appraisal values required by this manual and make any further valuation adjustments necessary to arrive at the fair market values.

Board of Tax Assessors. The county board of tax assessors shall require the appraisal staff to observe the procedures in this manual when performing their appraisals. The county board of tax assessors may not adopt local procedures that are in conflict with Georgia law or the procedures required by this manual. The county board of tax assessors must consider the appraisal staff information in the performance of their duties. In each instance, however, the assessment placed on each parcel of property shall be the assessment established by the county board of tax assessors as provided in Code section 48-5-306.

Other appraisal procedures. The appraisal staff may use those generally accepted appraisal practices set forth in the Uniform Standards of Professional Appraisal Practice, published by the Appraisal Foundation, and the standards published by the International Association of Assessing Officers, as they may be amended from time to time, to the extent such practices do not conflict with this manual and Georgia law.

The Appraisal Process Flow Chart



Definition of the Problem

The first step in the appraisal process and consist of five functions.

1. Identifying the property to be appraised
2. Determining the property rights to be appraised
3. Defining the purpose and function of the appraisal
4. Specifying the date of the appraisal
5. Defining the type of value to be estimated

Identifying the property to be appraised

Rule 560-11-10-0.2-.08(3)(a)

(a) Information sources. The appraisal staff should develop and maintain information sources for the discovery of unreturned personal property.

Personal property is identified through discovery. Discovery is the process of identifying all taxable property in the jurisdiction and ensures that it is likely included on the assessment roll. Discovery is usually achieved by an initial identification of the owner using one of the following information sources:

Personal Property Returns

Personal Property Schedules

Field Review

Aerial Photography

Yellow Pages

City-County Directories

Building Permits

Business License

Corporate Charters

DOT Sign Listing

Sales Tax List

Trade Name Registrations

Newspaper Advertising

Trade Publications

DNR Boat Registration

FAA Aircraft Registration

GA Manufacturing Directory

Financing Statements

Deeds

DNT- Water Resources

Word of Mouth

Other Counties

Market Bulletins

Rental Properties

Exempt Property Owners

Model Homes

Business Cards

Mail Rooms

Coffee Shops

Chamber of Commerce

Postal Worker

Google

Local Cable Channel

Radio Stations

Coupon Books

Social Networks

After property owner is appropriately identified, an account is assigned to the taxpayer including items relating to location, description, and contact information.

Personal Property Returns (PT-50P, PT-50M, PT-50A) & Schedules (A, B, C, D, E)
The number one tool for discovering personal property is the self-declaration of the personal property each year by the property owner. All personal property owned or controlled by them or in their possession; including leased, loaned, and fully depreciated items should be reported on the returns and schedules. It is common for the property owner to omit fully depreciated items so the appraisal staff must make an extra effort to make sure those items are included.

Building Permits & License Permits
The appraisal staff should obtain permit lists periodically (weekly, monthly, quarterly, annually) throughout the year. The assessor's list should be cross-checked against the business license list to discover new businesses.

Annual Field Reviews
An annual review should be performed to identify new businesses, closed businesses and non-filers. Personal property that is transitory in nature should be reviewed as close to the date of valuation as possible and photographs should be taken for proof that the personal property was in the county. The following are suggested steps to consider when conducting an annual field review:

1. Prepare a list of prior year accounts and obtain a list of all businesses operating in county or municipality. Cross check the two lists for new accounts or deletions.
2. Visit each new account or non-filer to either discover and the list the account or leave a return to be prepared and filed.
3. Interview a knowledgeable person about the business. Verify mailing address for the return, the taxpayer, the legal business name and "dba", the tax representative contact information (if any).
4. Ask about leased property and sub-tenants. Obtain name and address of all leasing companies, type of equipment and monthly or annual rent. Determine if lease items are scheduled to be purchased at the end of the lease term.
5. Take physical tour of business after obtaining permission to examine the operations of the business, identify fixed assets, determine the fixed assets function (ask questions if unsure) and the appropriate approach to value.
6. Obtain and/or verify square footage of premise (property record card).
7. Make a note of each person interviewed.

Corporate Charters
The Secretary of State (sos.ga.gov) maintains a copy of the corporate charter and articles of incorporation of all organizations doing business in the state. By researching newly registered companies, the appraisal staff can identify new businesses and send them a personal property form.

Aerial Photography
Aerial photography is the taking of photographs of the ground from an elevated position. The appraisal staff can use aerial photography to locate privately owned docks within the county for marine personal property and other personal property located outside.

Warehouse Storage
Warehouse storage provides port warehousing, logistics and cold or dry storage for businesses. Companies store all major food commodities including beef, poultry, pork, seafood, bakery products, ice cream, fruits and vegetables with these warehousing facilities. The appraisal staff can request a tenant list from the company for January 1 occupants.

Social Networks
Social media such as Facebook, Twitter, Yelp, Groupon, Craigslist and Instagram is imperative to a business's survival and is a great discovery tool for the appraisal staff. Businesses utilize these outlets as free advertisement to provide awareness to lure customers to their establishment by providing photos of the location (i.e. MEFF) and products (i.e. inventory) for sale.

DOT Sign Listing
The Public Transportation Code of Georgia requires that all outdoor advertising signs place along state and federal highways obtain an annual permit from the Georgia Department of Transportation. A listing of those permits issued in each county is available to that county's Board of Tax Assessors. Upon request, a copy of that year's Permit Listing will be sent. The Permit Listing shows only: permit number, location, name of owner, and applicant code. For the address of the owners your office is not familiar with, you must call or write the DOT with the applicant code listed for that particular sign owner.

Georgia Department of Transportation
Office of Maintenance – ODA Unit
One Georgia Center
600 West Peachtree Street, N.W.
Atlanta, GA 30308
oda@dot.ga.gov
(404) 631-1392 | (404) 631-1206 Fax
http://www.dot.ga.gov/PS/Permits/OutdoorAdvertising

DNR Boat Registration
The Georgia Department of Natural Resources (DNR) has the responsibility of maintaining the registrations on all watercraft in use upon waterways in Georgia. Upon each registration form, there is a question to name the county where the boat is functionally located more than 184 days a year.

A DNR boat registration download is provided for WinGAP counties in the month of November according to where the boat is functionally located more than 184 days a year. Non-WinGAP counties must access the Department of Natural Resources website (http://gadnrle.org/node/54) for the Georgia Boat Registration Database and conduct a search for vessels utilizing their county number. The database includes important information in regard to discovery such as the Owner's Name, Owner's Address, Processed Date, Year Built, Manufacturer, Length, Boat Type, Hull Material, and Propulsion.

Boat manufactures and contact information:
http://uscgboating.org/content/manufacturers-identification.php.

Other methods to discover boats and motors:
Depending on the boat, some boat owners will purchase boat trailers which will require a license plate from the Tax Commissioner Office. If the Tax Commissioner permits, a check of tag receipts for boat trailers is a good indicator of persons owning a boat. If they do not have a boat, why buy a tag for a boat trailer?

Of course, there is also the Financing Statement (Chattel Mortgage) filed in the Clerk of Superior Court's office which list boats that money has been borrowed on. The Financing Statement will identify the boat and motor (make, model, year and serial number) and who owns it.

FAA Aircraft Registration
The Federal Aviation Administration (FAA) has the responsibility of maintaining the record for all United States civil aircraft and providing aircrafts with a certificate of registration to ensure that commercial and general aviation aircraft meet the highest safety standards, from initial design to retirement. The FAA has several queries available online to search for aircraft including by State and County (http://registry.faa.gov/aircraftinquiry/). The data is updated each Federal Working Day at Midnight. The FAA Registry includes the N-Number (tail number), Serial Number, Owner's Name and Address, Manufacturer Name and Year, Model, Certificate Issue Date, Aircraft Weight and Registrant Type (Individual, Partnership, Corporation, Co-Owner, Government, Other). Hot air balloons can also be found on the FAA Registry.

Other methods to discover aircrafts:
A good place to find airplanes is at the airport located in your county. A field review should be conducted on January 1. Take a photograph of the N-Number and look up on FAA registry or www.flightaware.com for live flight tracking to determine the aircraft's "primary home base".

Establish rapport with the airport manager and obtain a list of airplanes with owner's name and address that occupy or lease tie down or hangar space at the airport. Conduct an airport audit if airport manager refuses to supply you with needed information to perform your regulatory duties.

UCC Financing Statement
Check the chattel mortgages on Uniform Commercial Code Forms (UCC). These forms can be obtained from the County Clerk of Superior Court or by searching the Clerks Authority website (www.gsccca.org). The name and address of the contact filer as well as the personal property financed can be found on the UCC Statements. These recorded documents can also be used to identify purchasers of personal property and crosscheck the value returned by the taxpayer on the PT50P form against the recorded instrument.

Leased Equipment Discovery Methods
One of the properties assessors have the most difficulty with is leased equipment. Many assessors do not give this segment of the tax base much time and effort because of the difficulties involved. However, there are some tools the assessor can use to discover this property:

1. Section 2 of the PT50P form requires a reporting of Leased or Rented Equipment property from the lessee (one who has possession). Most taxpayers who have leased equipment in their possession will comply with the request to report this property.

2. Send a form letter with your county's letterhead requesting the same information as requested from regular taxpayers, to all exempt taxpayers, such as schools, churches, colleges, universities, government agencies and many other educational, literary, scientific, and religious organizations; and also to state appraised and certified taxpayers, such as utilities and railroads, which are a vital source of leased equipment. Letter should request name of owner, quantity and description of equipment along with lease information.

STATEMENT OF LEASED EQUIPMENT IN POSSESSION OF TAXPAYER ON JANUARY 1ST
ATTACH SCHEDULE IF NECESSARY

If, on January 1, you have in your possession any business machines, postage meters, machinery, equipment, furniture, fixtures, tools, vending machines, music machines, game machines, electric and non-electric signs and advertising devices, and so on, that are loaned, leased, stored, or otherwise held and not owned by you, the value of which does not appear on your asset accounts, and is not included in your return of personal property, the kind, nature, owner, and value of such equipment should be reported below.

IF YOU HAVE NO LEASED EQUIPMENT PLEASE WRITE "NONE."

4. Review expense accounts when doing a detailed audit. Any leased equipment should reflect a rental or lease expense account on the accounting records. Upon making this determination, the auditor can ask the taxpayer for a list of all leased equipment and pertinent data.

INCOME STATEMENT For Year Ended December 31, 2019	
Sales	$50,000
Cost of Goods Sold	15,000
Gross Profit	35,000
Expenses:	
Leased Equipment	**10,000**
Wages	20,000
Net Operating Income	$5,000

Depreciation Schedule

The depreciation schedule is a useful discovery tool for business personal property to the appraiser. It includes the asset's description, acquisition cost, acquisition year, and the asset's economic life which may differ from the state's grouping schedule. Depreciation schedules are maintained for both book accounting and tax accounting purposes.

Determining the property rights to be appraised

To determine the personal property's right to be appraised, the appraisal staff must consider the following:
1. Was the property located in the county on the date of valuation?
2. Has the personal property been specifically exempt under O.C.G.A. 48-5-41 [Property Exempt from Taxation] or other Code Sections or Rules?

Summary of Exemptions

48-5-41 (1) – Public Property
48-5-41 (2) – Places of religious worship or burial
48-5-41 (3) – Single family residences of religious groups
48-5-41 (4) – Institutions of purely public charity
48-5-41 (5) – Nonprofit hospitals
48-5-41 (6) – Schools
48-5-41 (7) – Endowments held by schools and nonprofit hospitals
48-5-41 (8) – Public libraries
48-5-41 (9) – Books and artwork kept in a public hall and not for sale;
48-5-41 (10) – Reserved
48-5-41 (11) – Air and water pollution control facilities
48-5-41 (12) – Nonprofit homes for the aged
48-5-41 (13) – Nonprofit homes for the mentally handicapped
48-5-41 (14) – Veterans organizations headquarters or post home
48-5-41 (15) – Historical fraternal benefit association
48-5-41.1 – Exemption of qualified farm products and harvested agricultural products
48-5-41.2 – Inventory for business (state ad valorem taxation only)
48-5-41.3- Tax exemption for timber equipment
48-5-42 – Household furniture, furnishings, and personal effects
48-5-42.1 – Personal property values at $20,000.00 or less
48-5-43 – Commercial fertilizers used by consumer
48-5-48.1&2 – Freeport Inventory
48-5-504 – Self-propelled farm equipment
48-5-504.20 – Aircraft owned by a dealer and held in inventory for sale
48-5-504.40 – Watercraft held in inventory for resale
48-5-507 – Heavy Duty Equipment Owned by Dealer
50-17-29 (e) – State Projects
36-62-3 – Development Authority
560-10-30-.13 - 1940 Soldiers and Sailors Relief Act

Purely Public Charity

48-5-41 (a)(4) – Purely Public Charity

Also important to note, an organization that is tax-exempt under section 501(c)(3) of the Internal Revenue Code is not exempt from ad valorem taxation but from income taxes unless it is classified as purely public charity under O.C.G.A. 48-5-41.(a)(4). Generally, organizations that are classified as public charities are those that:

(i) Are churches, hospitals, qualified medical research organizations affiliated with hospitals, schools, colleges and universities
(ii) have an active program of fundraising and receive contributions from many sources, including the general public, governmental agencies, corporations, private foundations or other public charities,
(iii) receive income from the conduct of activities in furtherance of the organization's exempt purposes, or
(iv) actively function in a supporting relationship to one or more existing public charities.

In determining whether property qualifies as an institution of "purely public charity" as set forth in O.C.G.A. 48-5-41 (a) (4), three factors must be considered and must coexist:

1. First, the owner must be an institution devoted entirely to charitable pursuits;
In determining whether the owner is an institution devoted entirely to charitable pursuits, it must be remembered that the mere facts that the owner is a non-profit institution, that its charter declares {261 Ga. 559} it to be a charitable institution, and that the institution serves a benevolent purpose do not necessarily lead to the conclusion that the institution is exempted from ad valorem taxation by O.C.G.A. 48-5-41 (a) (4).

2. Second, the charitable pursuits of the owner must be for the benefit of the public;
There are infinite charities that deserve the plaudits of all mankind… However, no matter how high the ideals of an institution, nor how lofty its purposes, in order for it to qualify as a charitable institution for tax exemption under … it must have the sole purpose and activity of dispensing public charity.

3. Third, the use of the property must be exclusively devoted to those charitable pursuits.
Mere latent ownership of property by an institution of public charity will not entitle the property to an exemption. . . Nor will merely making real estate available to other public or charitable institutions for their use be sufficient to qualify for the tax exemption.

Instead, the use of the property must be exclusively devoted to conduct that benefits the public by furthering the charitable pursuits of its owner.

Judicial Decision

1991 - YORK RITE BODIES V. CHATHAM CO. BOARD OF EQUALIZATION

YORK RITE BODIES OF FREEMASONRY OF SAVANNAH v. BOARD OF EQUALIZATION OF CHATHAM COUNTY

September 20, 1991 Supreme Court of Georgia

Opinion by: FLETCHER

{261 Ga. 558} {408 S.E.2d 699} We granted a writ of certiorari to the Court of Appeals to consider whether the properties of two Masonic organizations located in Chatham County are entitled to exemption from ad valorem taxation under O.C.G.A. § 48-5-41 (a) (4) as institutions of "purely public charity." York Rite Bodies of Freemasonry of Savannah v. Bd. of Equalization, 198 Ga. App. 147 (401 S.E.2d 30) (1990). In Division 2 of the York Rite decision, supra, a majority of the Court of Appeals held that the properties were not entitled to such exemption because they: are used as meeting places, and are not used for the actual charitable purposes for which the Masons were established. Also, the properties are used only by members of the respective lodges and are therefore not open to the "public." {408 S.E.2d 700} York Rite, 198 Ga. App. at 149.

For the reasons which follow, we reverse such holding.

1. Beginning with Georgia's Constitution of 1877, there has been constitutional authority for the General Assembly to enact legislation exempting from taxation, with certain restrictions, "all institutions of purely public charity"1 and since 1882 there has been legislation providing for such an exemption.

2. In determining whether property qualifies as an institution of "purely public charity" as set forth in O.C.G.A. § 48-5-41 (a) (4), three factors must be considered and must coexist. First, the owner must be an institution devoted entirely to charitable pursuits; second, the charitable pursuits of the owner must be for the benefit of the public; and third, the use of the property must be exclusively devoted to those charitable pursuits.

(a) In determining whether the owner is an institution devoted entirely to charitable pursuits, it must be remembered that the mere facts that the owner is a non-profit institution, that its charter declares {261 Ga. 559} it to be a charitable institution, and that the institution serves a benevolent purpose do not necessarily lead to the conclusion that the institution is exempted from ad valorem taxation by O.C.G.A. § 48-5-41 (a) (4) . United Hospitals Service Assn. v. Fulton County, 216 Ga. 30, 33 (114 S.E.2d 524) (1960). While all of those should be considered, no one of them will be conclusive. Instead, the facts of each case must be viewed as a whole and all of the circumstances surrounding the institution must be considered. Mu Beta Chapter Chi Omega House Corp. v. Davison, 192 Ga. 124, 128 (14 S.E.2d 744) (1941).

(b) As to the second factor, this court has often noted that "[t]here are infinite charities that deserve the plaudits of all mankind. " United Hospitals, 216 Ga. at 32. However, "[n]o matter

how high the ideals of an institution, nor how lofty its purposes, in order for it to qualify as a charitable institution for tax exemption under [O.C.G.A. § 48-5-41 (a) (4)], it must have the sole purpose and activity of dispensing public charity. (Emphasis supplied.) Camp v. Fulton County Medical Society, 219 Ga. 602, 605 (135 S.E.2d 277) (1964).

(c) Finally, the applicability of this tax exemption will turn upon a determination of how the property is being used by the institution. "Mere latent ownership of property by an institution of public charity will not entitle [the property] to an exemption." Thomas v. Northeast Ga. Council, Inc., Boy Scouts of America, 241 Ga. 291, 293 (244 S.E.2d 842) (1978). Nor will "[m]erely making real estate available to other public or charitable institutions for their use [be] sufficient to qualify for the tax exemption." Johnson v. Wormsloe Foundation, 228 Ga. 722, 727 (187 S.E.2d 682) (1972). Instead, the use of the property must be exclusively devoted to conduct that benefits the public by furthering the charitable pursuits of its owner.

3. (a) Because of the procedural posture of these actions in the trial court, an evidentiary hearing has not yet been held as to either appellant's claim of entitlement to O.C.G.A. § 48-5-41 (a) (4) 's ad valorem tax exemption. The case must be remanded to the trial court so that such an evidentiary hearing can be held. Both appellants will have the burden of proving entitlement to the tax exemption based upon the coexistence of the three factors set forth in Division 1.3

{408 S.E.2d 701} (b) If the coexistence of the first two factors can be established, appellants will still have to prove that the use of their respective properties is exclusively devoted to furthering each appellant's charitable pursuits. As to this third factor, we have previously recognized that using property as a headquarters for the administration and dispensation {261 Ga. 560} of purely public charity will, under appropriate circumstances; entitle that property to exemption from ad valorem property taxes. Massenburg v. The Grand Lodge F. & A. M. of the State of Ga., 81 Ga. 212, 218 (7 S.E. 636) (1888). 4

The fact that the properties involved in the present case are used as meeting places of the respective appellants does not automatically preclude their use from being exclusively devoted to charitable pursuits; nor does the fact that the properties are used primarily by members of the Masons necessarily preclude them from being institutions for the dispensation of purely public charity. If appellants can establish that the use of their respective properties is exclusively for the administration and dispensation of public charity, then they will have established the third factor.

48-5-41 (a)(4)(d)(2) – Purely Public Charity

(2) With respect to paragraph (4) of subsection (a) of this Code section, a building which is owned by a charitable institution that is otherwise qualified as a purely public charity and that is exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code and which building is used by such charitable institution exclusively for the charitable purposes of such charitable institution, and not more than 15 acres of land on which such building is located, may be used for the purpose of securing income so long as such income is used exclusively for the operation of that charitable institution.

Judicial Decision

Nuci Phillips Mem. Found. v. Athens-Clarke County Bd. of Tax Assessors, 288 Ga. 380 (2010)

The supreme court held that the foundation established that it qualified as a purely public charity pursuant to O.C.G.A. § 48-5-41(a)(4) and fulfilled the requirements in O.C.G.A. § 48-5-41(c), (d)(1), and (2). The General Assembly intended to allow those institutions that otherwise qualified as a purely public charity to use their property to raise income from activities that were not necessarily charitable in nature so long as the primary purpose of the property was charitable, and any income was used exclusively for the operation of that charitable institution. The foundation qualified as a purely public charity. The property the foundation owned was devoted entirely to charitable purposes. The charitable purposes of the foundation were for the benefit of the public. The foundation fulfilled the requirements of O.C.G.A. § 48-5-41(d)(2). It qualified as a purely public charity. The foundation provided evidence that all income obtained from the property was used in furtherance of its charitable services or to offset expenses incurred in the maintenance of the organization's property, and no part of its income was being distributed to any person with an interest therein.

Air and Water Pollution Control Equipment

48-5-41 (a)(11) – Air and Water Pollution Control Equipment

(11) All property used in or which is a part of any facility which has been installed or constructed at any time for the primary purpose of eliminating or reducing air or water pollution if such facilities have been certified by the Department of Natural Resources as necessary and adequate for the purposes intended;

Air and water pollution control equipment must meet two requirements:

1. primary purpose of eliminating or reducing air or water pollution
2. certified by the Department of Natural Resources Environment Protection Division

The term ‘machinery’ or ‘equipment’ does not apply to chemicals used in the treatment of wastewater. Machinery and equipment that has been installed to primarily recycle water or wastewater for process or manufacturing purposes does not qualify for an exemption. Each piece of equipment for which a tax exemption is requested must be listed on the Georgia EPD Application for a Certificate of Exemption.

Farm Exemption

48-5-41.1. Exemption of qualified farm products and harvested agricultural products from taxation.

(a) As used in this Code section, the term:

(1) "Agricultural equipment" means farm tractors, combines, and all other farm equipment other than motor vehicles, whether fixed or mobile, which are owned by or held under a lease-purchase agreement and directly used in the production of farm products by a family owned qualified farm products producer.

(2) 'Family owned farm entity' means an entity that has derived 80 percent or more of its gross income from bona fide agricultural uses within this state within the year immediately preceding the year in which the exemption provided by this code section is sought and that is organized as:

(A) A family corporation, a family partnership, a family general partnership, a family limited partnership, a family limited corporation, or a family limited liability company all of the interest of which is owned by one or more natural or naturalized citizens related to each other within the fourth degree of civil reckoning. ;

(B) an entity created by the merger or consolidation of two or more entities that would qualify independently as a family owned farm entity as defined in subparagraph (a) of this paragraph;

(C) An estate of which the devisees or heirs are one or more natural or naturalized citizens related to each other within the fourth degree of civil reckoning. ; or

(D) A trust of which the beneficiaries are one or more natural or naturalized citizens related to each other within the fourth degree of civil reckoning.

(3) "Family owned qualified farm products producer" means an individual or family owned farm entity primarily engaged in the direct cultivation of the soil, including soil removed from the land and placed in pots or containers, or operation of land for the

production of qualified farm products. A family owned qualified farm products producer shall not include wholesalers, distributors, storage facility owners, manufacturers, processors, or other similar entities that primarily prepare qualified farm products for any intermediate or final market or that primarily operate to move or facilitate the movement of qualified farm products from a producer to any intermediate or final markets.

(4) "Farm products" means only those farm products eligible to qualify for exemption from ad valorem taxation pursuant to the former provisions of paragraph (10) of subsection (a) of Code Section 48-5-41 as it existed prior to January 1, 1999.

(5) "Harvested agricultural products" means only those harvested agricultural products eligible to qualify for exemption from ad valorem taxation pursuant to the former provisions of paragraph (10) of subsection (a) of Code Section 48-5-41 as it existed prior to January 1, 1999.

(6) "Initial production" means:

(A) When applied to a laying hen, a period beginning at the time the laying hen comes into production at age six months rather than a period beginning when the laying hen is hatched; or

(B) When applied to a brood cow, a period of nine months from the time the brood cow is able to conceive at age 12 months rather than a period beginning when the brood cow is born.

(7) "Lease-purchase agreement" means a financing agreement under which lessee payments are credited toward the purchase of agricultural equipment or that provides for a fixed amount purchase option to a lessee during the lease term. Under a lease-purchase agreement the title of ownership may remain with the lessor during the lease.

(8) "Producer" means any entity that produces farm products.

(9) 'Qualified farm products' means livestock; dairy products; unfertilized eggs of poultry; crops; fruit or nut-bearing trees, bushes, or plants; annual and perennial plants; Christmas trees; and plants and trees grown in nurseries for transplantation elsewhere. Qualified farm products shall not include standing timber.

(b) The following property shall be exempt from all ad valorem property taxes in this state:

(1) All farm products grown in this state and remaining in the hands of the producer during the one year beginning immediately after their initial production;

(2) Harvested agricultural products which have a planting-to-harvest cycle of 12 months or less, which are customarily cured or aged for a period in excess of one year after harvesting and before manufacturing, and which are held in this state for manufacturing and processing purposes;

(3) All qualified farm products grown in this state:

(A) Remaining in the hands of a family owned qualified farm products producer;

(B) Still in their natural and unprocessed condition, unless processed solely for further use in the production of other qualified farm products; and

(C) Not held for direct retail sale by someone other than the original family owned qualified farm products producer; and

(4) Agricultural equipment.

STYLE	TIME FRAME	WHO QUALIFIES?	WHAT QUALIFIES?
OLD	12 months with exceptions	Corporations (Kraft, Tyson, Gen Mills) Family owned corporations Less than 80% from agri-business income	Crops Laying hens (18 mo) Brood cows (33 mo) Grown in state Original Producer
NEW	Not applicable	Individuals Family owned farm entities More than 80% from agri-business income	Livestock, crops, fruit or nut bearing trees, bushes or plants, annual and perennial plants, Christmas trees, plants and trees grown in nurseries for transplantation elsewhere, farm equipment, org prod, GA grown, farm equipment

How to determine whether or not farm products are taxable or exempt?

The first step is to determine whether or not the owner of the property meets the requirements set forth in O.C.G.A. § 48-5-41.1. All qualified farm products producers must meet these requirements. The second step is to determine if the equipment itself meets the requirements of law. It must be farm equipment and must be used in the direct production of qualified farm products.

Below are examples of possible personal property that may or may not qualify under O.C.G.A. 48-5-41.1. This is not an exhaustive list. The county will need to determine the taxability of the personal property that a taxpayer does not return for taxation because they believe it is exempt from taxation.

EXEMPT	TAXABLE
Combines	Bulldozers[1]*
Farm equipment held under a lease purchase agreement	Leased Equipment[2]
Farm implements	Timber Harvesting Equipment[3]
Irrigation systems	Aircraft[4*]
Milking equipment	Office equipment and retail fixtures[5]
Poultry house equipment	Off-site Packaging Equipment[6]
Swine parlor equipment	Excavator[1]*
Tractors	Backhoe[1]*

[1]This is normally considered to be heavy duty equipment O.C.G.A. § 48-5-505 and 509 defines this type of personal property as a motor vehicle. Motor vehicles are specifically excluded from the exemption provided for in O.C.G.A. § 48-5-41.1 (c).

[2]The owner of this equipment is not a qualified farm products producer.

[3]This type of equipment while used in an agricultural industry is not used in the production of a qualified farm product. O.C.G.A. § 48-5-41.1 (a)(7) excludes standing timber as a qualified farm product.

[4]O.C.G.A. § 48-5-16(e)(1)(A) defines aircraft.

[5]This type of personal property is not farm equipment and is not used in the direct production of agricultural products.

[6]If this equipment is used at the initial level of trade, in other words if it is owned and used by the original producer of the farm products then this would qualify for the exemption.

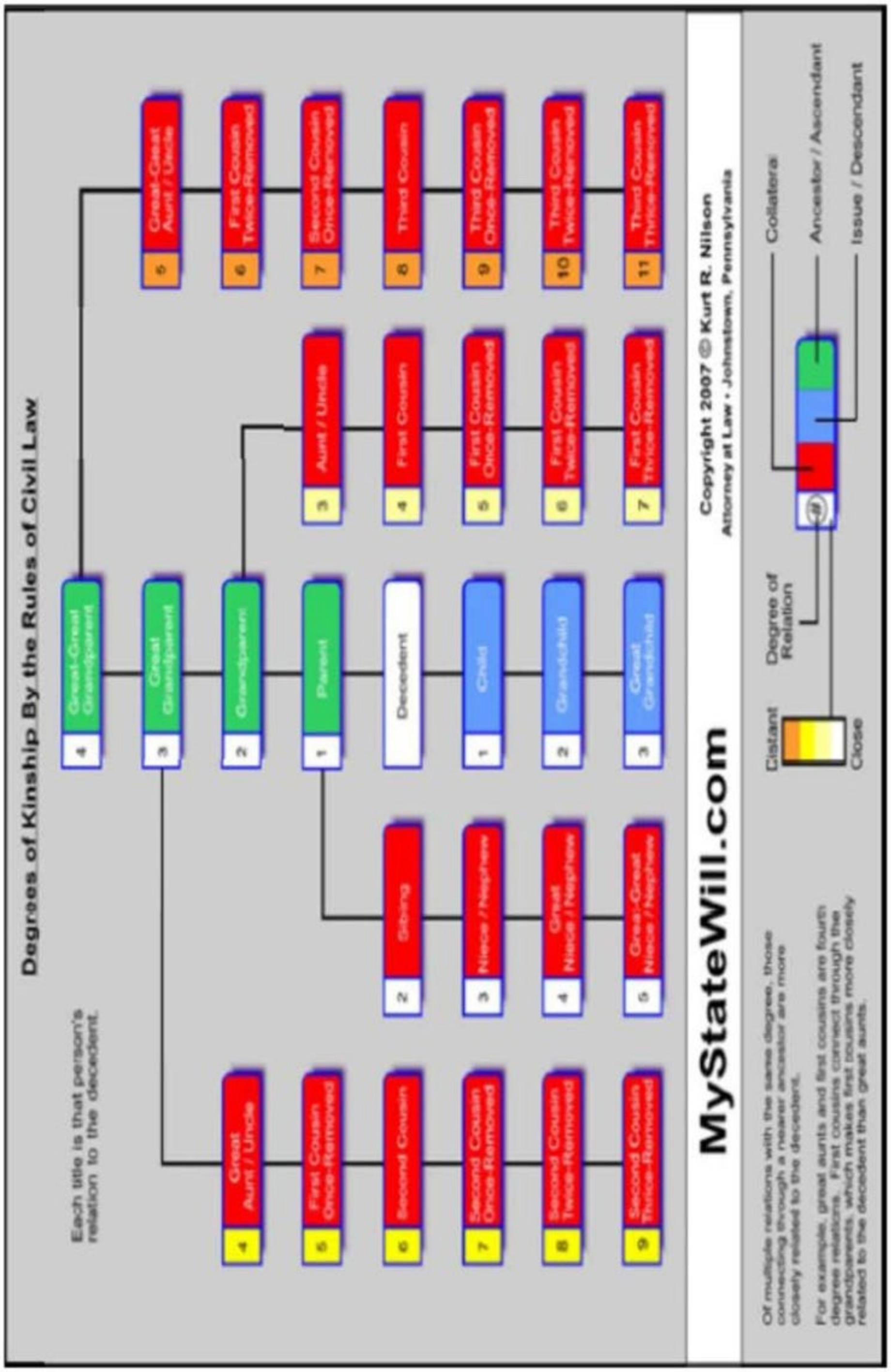
*If used in agri-business, can be exempt as farm equipment.

Judicial Decision

Gold Kist, Inc. v. Jones, 231 Ga. 881, 204 S.E.2d 584 (1974)

In our view, the trial court correctly found that the clear intent of the Georgia legislation was to grant the benefit of the exemption only to the farmer himself and then only for a limited time. To allow this statute to be extended to include farm products in the hands of Gold Kist, which are irretrievably co- mingled with others, or even converted into different products before their ultimate sale, would make it impossible to determine which products have been stored beyond the period for the exemption and thus be in violation of the constitutional mandate

DEGREES OF KINSHIP BY THE RULES OF CIVIL LAW



Exemption of personal property in inventory for business.

48-5-41.2. Exemption from taxation of personal property in inventory for business.

All tangible personal property constituting the inventory of a business shall be exempt from state ad valorem taxation.

Exemption for timber equipment.

48-5-41.3. Exemption for timber equipment.

(a) As used in this Code section, the term:

(1) "Timber equipment" means:

(A) Any equipment other than motor vehicles, whether fixed or mobile, which is owned by or held under a lease-purchase agreement by a timber producer and directly used in the production or harvest of timber.

(B)

(i) Equipment used in harvesting shall include all off-road equipment and related attachments used in every forestry procedure starting with the severing of a tree from the ground until and including the point at which the tree or its parts in any form has been loaded in the field in or on a truck or other vehicle for transport to the place of use.

(ii) Such off-road equipment shall include, but not be limited to, skidders, feller bunchers, debarkers, delimbers, chip harvesters, tub-grinders, woods cutters, chippers of all types, loaders of all types, dozers, mid-motor graders, and the related attachments.

(2) "Timber producer" means any one or more individuals or any entity, which is registered to do business in this state, that is primarily engaged in the good faith subsistence or commercial production or harvest of timber products. Such persons may also be engaged in one or more of the following secondary practices:

(A) Land conservation and ecological forest management in which commercial production of wood and wood fiber products may be undertaken primarily for conservation and restoration purposes rather than financial gain;

(B) The promotion, preservation, or management of wildlife habitat;

(C) Carbon sequestration in accordance with the Georgia Carbon Sequestration Registry;

(D) Mitigation and conservation banking that results in restoration or conservation of wetlands and other natural resources; or

(E) The production and maintenance of ecosystem products and services, such as, but not limited to, clean air and water.

(3) "Timber products" means trees, timber, or other wood and wood fiber products grown from or on the land.

(b) On and after January 1, 2023, timber equipment shall be exempt from all ad valorem property taxes in this state.

Exempt personalty.

48-5-42. Exempt personalty.

All personal clothing and effects, household furniture, furnishings, equipment, appliances, and other personal property used within the home, if not held for sale, rental, or other commercial use, shall be exempt from all ad valorem taxation. All tools and implements of trade of manual laborers shall be exempt from all ad valorem taxation in an amount not to exceed $2,500.00 in actual value and all domestic animals shall be exempt from all ad valorem taxation in an amount not to exceed $300.00 in actual value.

Personal property tax exemption for property valued at $20,000.00 or less.

48-5-42.1. Personal property tax exemption for property valued at $20,000.00 or less.

(a) It is the intent of this Code section to exempt from the payment of ad valorem taxation certain tangible personal property on which the tax due does not exceed the reasonable cost of administering and collecting the tax.

(b) All tangible personal property of a taxpayer, except motor vehicles, trailers, and mobile homes, shall be exempt from all ad valorem taxation if the actual fair market value of the total amount of taxable tangible personal property owned by the taxpayer within the county, as determined by the board of tax assessors, does not exceed $20,000.00.

Property Subject to Ad Valorem Taxation

FMV	FMV	FMV
$19,999	**$20,000**	**$20,001**
EXEMPT	**EXEMPT**	**TAXABLE**

Exemption for fertilizers.

48-5-43. Exemption for fertilizers.

Consumers of commercial fertilizers shall not be required to return for taxation any commercial fertilizers or any manures commonly used by farmers and others as fertilizers if the land upon which the fertilizer is to be used has been properly returned for taxation.

Judicial Decisions

In the Court of Appeals of Georgia

A98A0653. MARY W. DENNEY et al V. COWETA COUNTY et al.

ANDREWS, Chief Judge.

This is an appeal from the trial court's order finding that the Denney's tractor was subject to ad valorem taxes as agricultural equipment. The Denney's argue on appeal that the trial court erred in determining that the tractor was not exempt personalty under O.C.G.A. §48-5-42. For the reasons which follow, we agree and reverse the judgment.

Taxable property is defined under O.C.G.A. §48-5-3 as follows: "All real property including, but not limited to, leaseholds, interests less than fee, and all personal property shall be liable to taxation and shall be taxed, except as otherwise provided by law. Liability of property for taxation shall not be affected by the individual or corporate character of the property owner."

Personalty is exempt under 48-5-42 as follows: "All personal clothing and effects, household furniture, furnishings, equipment, appliances, and other personal property used within the home, if not held for sale, rental, or other commercial use, shall be exempt from all ad valorem taxation. All tools and implements of trade of manual laborers and all domestic animals shall be exempt from all ad valorem taxation in an amount not to exceed $300 in actual value for each of the two categories."

The facts in this case are undisputed. The tractor in question, a Kubota 2400 tractor, tiller and scraper valued at $11,000, is used solely for the Denny's garden and lawn. The Denney's do not sell any produce raised in their garden, keeping it all for their own use. Nevertheless, the county argues the Department of Revenue classifies this tractor as taxable agricultural equipment under Georgia Department of Revenue Regulation 560-11-2-.20.

Although we have found no case law interpreting 48-5-42, there is an Attorney General opinion interpreting the meaning of "in the home" in a predecessor statute, Ga. Code Ann. 92-239.1 In that opinion, the Attorney General stated that "in the home" meant that the personal property must be used for the direct support of the members of the family and not as income producing property. 1962 Op Att'y Gen. P. 506-507.2

We find the Attorney General's opinion persuasive in light of the facts in this case and in light of case law holding that in determining whether property is exempt from taxation, "[i]t is the use made of the property...which determines the matter of taxation."

Freeport

48-5-48.1. Tangible personal property inventory exemption; application; failure to file application as waiver of exemption; denials; notice of renewals

(a) Any person, firm, or corporation seeking a level 1 freeport exemption from ad valorem taxation of certain tangible personal property inventory when such exemption has been authorized by the governing authority of any county or municipality after approval of the electors of such county or municipality pursuant to the authority of the Constitution of Georgia or Code Section 48-5-48.2 shall file a written application and summary of property with the county board of tax assessors on forms furnished by such board. Such application shall be filed in the year in which exemption from taxation is sought no later than the date on which the tax receiver or tax commissioner of the county in which the property is located closes the books for the return of taxes.

(b) The application for the level 1 freeport exemption shall provide for:

(1) A summary, as prescribed by the department, of the inventory of goods in the process of manufacture or production which shall include all partly finished goods and raw materials held for direct use or consumption in the ordinary course of the taxpayer's manufacturing or production business in the State of Georgia;

(2) A summary, as prescribed by the department, of the inventory of finished goods manufactured or produced within the State of Georgia in the ordinary course of the taxpayer's manufacturing or production business when held by the original manufacturer or producer of such finished goods;

(3) A summary, as prescribed by the department, of the inventory of finished goods which on January 1 are stored in a warehouse, dock, or wharf, whether public or private, and which are destined for shipment outside the State of Georgia and the inventory of finished goods which are shipped into the State of Georgia from outside this state and which are stored for transshipment to a final destination outside this state. The information required by Code Section 48-5-48.2 to be contained in the official books and records of the warehouse, dock, or wharf where such property is being stored, which official books and records are required to be open to the inspection of taxing authorities of this state and political subdivisions thereof, shall not be required to be included as a part of or to accompany the application for such exemption; and

(4) A summary, as prescribed by the department, of the stock in trade of a fulfillment center which on January 1 is stored in the fulfillment center. The information required by Code Section 48-5-48.2 to be contained in the official books and records of the fulfillment center where such property is being stored, which official books and records are required to be open to the inspection of the taxing authorities of this state and political subdivisions thereof, shall not be required to be included as a part of or to accompany the application for such exemption.

(c)(1) For purposes of this subsection, the term "file properly" shall mean and include the timely filing of the completed application for which exemption is sought on or before the due date specified in subsection (a) of this Code section. Any clerical error, including, but not limited to, a typographical error, scrivener's error, or any unintentional immaterial error or omission in the application shall not be construed as a failure to file properly.

(2) The failure to file properly the completed application shall constitute a waiver of the exemption on the part of the person, firm, or corporation failing to make the application for such exemption for that year as follows:

> (A) The failure to report any inventory for which such exemption is sought in the summary provided for in the application shall constitute a waiver of the exemption on the part of the person, firm, or corporation failing to so report for that taxable year in an amount equal to the difference between fair market value of the inventory as reported and the fair market value finally determined to be applicable to the inventory for which the exemption is sought; and
>
> (B) The failure to file timely such completed application shall constitute a waiver of the exemption until the first day of the month following the month such completed application is filed properly with the county tax assessor; provided, however, that unless such completed application is filed on or before June 1 of such year, the exemption shall be waived for that entire year.

(d) Upon receiving the application required by this Code section, the county board of tax assessors shall determine the eligibility of all types of tangible personal property listed on the application. If any property has been listed which the board believes is not eligible for the exemption, the board shall issue a letter notifying the applicant, not later than 180 days after receiving the application, that all or a portion of the application has been denied. The denial letter shall list the type and total fair market value of all property listed on the application for which the exemption has been approved and the type and total fair market value of all property listed on the application for which the exemption has been denied. The applicant shall have the right to appeal from the denial of the exemption for any property listed and such appeal shall proceed as provided in Code Section 48-5-311. Except as otherwise provided in subparagraph (c)(2)(A) of this Code section, the county board of assessors shall not send a second letter of notification denying the exemption of all or a portion of such property listed on the application on new grounds that could and should have been discerned at the time the initial denial letter was issued. If, however, the county board of tax assessors fails to issue a letter of denial within 180 days after receiving the taxpayer's application, then the freeport exemption sought in the application shall be deemed accepted in its entirety.

(e) If the level 1 freeport exemption has been granted to a taxpayer for a taxable year, the county board of tax assessors shall issue a notice of renewal to the taxpayer for the immediately following taxable year. Such notice of renewal shall be issued not later than January 15 of such immediately following taxable year to facilitate the filing of a timely completed application by the taxpayer for such taxable year.

(f) Notwithstanding any other provision of law to the contrary, for a taxpayer that claimed an exemption for the 2020 taxable year for finished goods inventory described within paragraph (2) of subsection (c) of Code Section 48-5-48.2, the taxpayer shall have the option to determine the fair market value of eligible finished goods inventory for which such exemption is applicable and sought for the 2021 taxable year based on either the fair market value of applicable inventory as of January 1, 2020, or the fair market value of applicable inventory as of January 1, 2021.

48-5-48.7. Determination of timely filing; recourse for improper determinations

(a) Any document required to be filed under Code Section 48-5-48.1 or 48-5-48.5 shall be considered properly and timely filed if the postal date on the mailed document, whether metered or stamped, is on or before the date on which the tax receiver or tax commissioner of the county in which the property is located closes the book for the return of taxes.

(b) Any document properly and timely filed pursuant to subsection (a) of this Code section and incorrectly determined to be untimely filed, upon sufficient proof thereof, shall entitle the applicant to a credit against future ad valorem assessments from the county which improperly denied the applicant the exemption under Code Section 48-5-48.1 or 48-5-48.5.

Level 1 freeport exemption

48-5-48.2. Level 1 freeport exemption; referendum

(a) This Code section shall be known and may be cited as the "Level 1 Freeport Exemption."

(b) As used in this Code section, the term:

(1) "Affiliates" means those entities that are part of an affiliated group of the taxpayer as defined in Section 1504(a) of the Internal Revenue Code and all other entities that are directly or indirectly owned 50 percent or more by members of the affiliated group.

(2) "Destined for shipment to a final destination outside this state" means, for purposes of a level 1 freeport exemption, that portion or percentage of an inventory of finished goods which the taxpayer can establish, through a historical sales or shipment analysis, either of which utilizes information from the preceding calendar year, or other reasonable, documented method, is reasonably anticipated to be shipped to a final destination outside this state. Such other reasonable, documented method may only be utilized in the case of a new business, in the case of a substantial change in scope of an existing business, or in other unusual situations where a historical sales or shipment analysis does not adequately reflect future anticipated shipments to a final destination outside this state. It is not necessary that the actual final destination be known as of January 1 in order to qualify for the exemption.

(3) "Finished goods" means, for purposes of a level 1 freeport exemption, goods, wares, and merchandise of every character and kind but shall not include unrecovered, unextracted, or unsevered natural resources or raw materials or goods in the process of manufacture or production or the stock in trade of a retailer.

(4) "Foreign merchandise in transit" means, for purposes of a level 1 freeport exemption, any goods which are in international commerce where the title has passed to a foreign purchaser and the goods are temporarily stored in this state while awaiting shipment overseas.

(5) "Fulfillment center" means, for purposes of a level 1 freeport exemption, a business location in Georgia which is used to pack, ship, store, or otherwise process tangible personal property sold by electronic, internet, telephonic, or other remote means, provided that such a business location does not allow customers to purchase or receive goods onsite at such business location.

(6) "Raw materials" means, for purposes of a level 1 freeport exemption, any material, whether crude or processed, that can be converted by manufacture, processing, or a combination thereof into a new and useful product but shall not include unrecovered, unextracted, or unsevered natural resources.

(7) "Stock in trade of a fulfillment center" means, for purposes of a level 1 freeport exemption, goods, wares, and merchandise held by one in the business of making sales of such goods when such goods are held or stored at a fulfillment center.

(8) "Stock in trade of a retailer" means, for purposes of a level 1 freeport exemption, finished goods held by one in the business of making sales of such goods at retail in this state, within the meaning of Chapter 8 of this title, when such goods are held or stored at a business location from which such retail sales are regularly made. Goods stored in a warehouse, dock, or wharf, including a warehouse or distribution center which is part of or adjoins a place of business from which retail sales are regularly made, shall not be considered stock in trade of a retailer to the extent that the taxpayer can establish, through a historical sales or shipment analysis, either of which utilizes information from the preceding calendar year, or other reasonable, documented method, the portion or percentage of such goods which is reasonably anticipated to be shipped outside this state for resale purposes.

(c) The governing authority of any county or municipality may, subject to the approval of the electors of such political subdivision, exempt from ad valorem taxation, including all such taxes levied for educational purposes and for state purposes, all or any combination of the following types of tangible personal property:

(1) Inventory of goods in the process of manufacture or production which shall include all partly finished goods and raw materials held by the taxpayer, the taxpayer's affiliate, or the taxpayer's designated agent for direct use or consumption in the ordinary course of the taxpayer's manufacturing or production business in this state. The exemption provided for in this paragraph shall apply only to tangible personal property which is substantially modified, altered, combined,

or changed in the ordinary course of the taxpayer's manufacturing, processing, or production operations in this state. For purposes of this paragraph, the following activities shall constitute substantial modification in the ordinary course of manufacturing, processing, or production operations:

(A) The cleaning, drying, pest control treatment, or segregation by grade of grain, peanuts or other oil seeds, or cotton;

(B) The remanufacture of aircraft engines or aircraft engine parts or components, meaning the substantial overhauling or rebuilding of aircraft engines or aircraft engine parts or components;

(C) The blending of fertilizer bulk materials into a custom mixture, whether performed at a commercial fertilizer blending plant, retail outlet, or any application site;

(D) The substantial assembly of finished parts; and

(E) The remanufacture, which includes repair or modification of goods manufactured, processed, or produced by the taxpayer;

(2) Inventory of finished goods manufactured or produced within this state in the ordinary course of the taxpayer's manufacturing or production business when held by the original manufacturer or producer of such finished goods. The exemption provided for in this paragraph shall be for a period not exceeding 12 months from the date such property is produced or manufactured; Inventory of finished goods which, on January 1, are stored in a warehouse, dock, or wharf, whether public or private, and which are destined for shipment to a final destination outside this state and inventory of finished goods which are shipped into this state from outside this state and stored for transshipment to a final destination outside this state, including foreign merchandise in transit. The exemption provided for in this paragraph shall be for a period not exceeding 12 months from the date such property is stored in this state. Such period shall be determined based on application of a first-in, first-out method of accounting for the inventory. The official books and records of the warehouse, dock, or wharf where such property is being stored shall contain a full, true, and accurate inventory of all such property, including the date of the receipt of the property, the date of the withdrawal of the property, the point of origin of the property, and the point of final destination of the same, if known. The official books and records of any such warehouse, dock, or wharf, whether public or private, pertaining to any such property for which a freeport exemption has been claimed shall be at all times open to the inspection of all taxing authorities of this state and of any political subdivision of this state; or

(3) Stock in trade of a fulfillment center which, on January 1, is stored in a fulfillment center and which is made available to remote purchasers who may make such purchases by electronic, internet, telephonic, or other remote means, and where such stock in trade of a fulfillment center will be shipped from the fulfillment center and delivered to the purchaser at a location other than the location of the fulfillment center. The exemption provided for in this paragraph shall be for a period not exceeding 12 months from the date such property is stored in this state. Such period

shall be determined based on application of a first-in, first-out method of accounting for the inventory. The official books and records of the fulfillment center where such property is being stored shall contain a full, true, and accurate inventory of all such property, including the date of the receipt of the property and the date of the withdrawal of the property. The official books and records of any such fulfillment center pertaining to any such property for which a freeport exemption has been claimed shall be at all times open to the inspection of all taxing authorities of this state and of any political subdivision of this state.

(d) Whenever the governing authority of any county or municipality wishes to exempt such tangible property from ad valorem taxation, as provided in this Code section, the governing authority thereof shall notify the election superintendent of such political subdivision, and it shall be the duty of said election superintendent to issue the call for an election for the purpose of submitting to the electors of the political subdivision the question of whether such exemption shall be granted. The referendum ballot shall specify as separate questions the type or types of property as defined in this Code section which are being proposed to be exempted from taxation. The election superintendent shall issue the call and shall conduct the election on a date and in the manner authorized under Code Section 21-2-540.

(e) The governing authority of any county or municipality wherein an exemption has been approved by the voters as provided in this Code section may, by appropriate resolution, a copy of which shall be immediately transmitted to the state revenue commissioner, exempt from taxation 20 percent, 40 percent, 60 percent, 80 percent, or all of the value of such tangible personal property as defined in this Code section; provided, however, that once an exemption has been granted, no reduction in the percent of the value of such property to be exempted may be made until and unless such exemption is revoked or repealed as provided in this Code section. An increase in the percent of the value of the property to be exempted may be accomplished by appropriate resolution of the governing authority of such county or municipality, and a copy thereof shall be immediately transmitted to the state revenue commissioner, provided that such increase shall be in increments of 20 percent, 40 percent, 60 percent, or 80 percent of the value of such tangible personal property as defined in this Code section, within the discretion of such governing authority.

(f) If more than one-half of the votes cast on such question are in favor of such exemption, then such exemption may be granted by the governing authority commencing on the first day of any ensuing calendar year; otherwise, such exemption may not be granted. This paragraph is intended to clearly provide that following approval of such exemption in such referendum, such exemption may be granted on the first day of any calendar year following the year in which such referendum was conducted. This paragraph shall not be construed to imply that the granting of such exemption could not previously be delayed to any such calendar year.

(1) Exemptions may only be revoked by a referendum election called and conducted as provided in this Code section, provided that the call for such referendum shall not be issued within five years from the date such exemptions were first granted and, if the results of said election are in favor of the revocation of such exemptions, then such revocation shall be effective only at the end of a five-year period from the date of such referendum.

(g) Level 1 freeport exemptions effected pursuant to this Code section may be granted either in lieu of or in addition to level 2 freeport exemptions under Code Section 48-5-48.6.

(h) The commissioner shall by regulation adopt uniform procedures and forms for the use of local officials in the administration of this Code section.

Level 2 Freeport exemption

48-5-48.5. Level 2 freeport exemption; application; filing; renewal

(a) Any person, firm, or corporation seeking a level 2 freeport exemption from ad valorem taxation of certain tangible personal property inventory when such exemption has been authorized by the governing authority of any county or municipality after approval of the electors of such county or municipality pursuant to the authority of the Constitution of Georgia and Code Section 48-5-48.6 shall file a written application and summary, as prescribed by the department, of property with the county board of tax assessors on forms furnished by such board. Such application shall be filed in the year in which exemption from taxation is sought no later than the date on which the tax receiver or tax commissioner of the county in which the property is located closes the books for the return of taxes.

(b) The application for the level 2 freeport exemption shall provide for a summary, as prescribed by the department, of the inventory of finished goods held by one in the business of making sales of such goods in this state.

(c)(1) For purposes of this subsection, the term "file properly" shall mean and include the timely filing of the application and complete summary, as prescribed by the department, of the inventory for which exemption is sought on or before the due date specified in subsection (a) of this Code section. Any clerical error, including, but not limited to, a typographical error, scrivener's error, or any unintentional immaterial error or omission in the application shall not be construed as a failure to file properly.

(2) The failure to file properly the application and summary, as prescribed by the department, shall constitute a waiver of the exemption on the part of the person, firm, or corporation failing to make the application for such exemption for that year as follows:

> (A) The failure to report any inventory for which such exemption is sought in the summary, as prescribed by the department, provided for in the application shall constitute a waiver of the exemption on the part of the person, firm, or corporation failing to so report for that taxable year in an amount equal to the difference between fair market value of the inventory as reported and the fair market value finally determined to be applicable to the inventory for which the exemption is sought; and
>
> (B) The failure to file timely such application and summary, as prescribed by the department, shall constitute a waiver of the exemption until the first day of the month following the month such application and summary, as prescribed by the department, are

filed properly with the county tax assessor; provided, however, that unless the application and schedule are filed on or before June 1 of such year, the exemption shall be waived for that entire year.

(d) Upon receiving the application required by this Code section, the county board of tax assessors shall determine the eligibility of all types of tangible personal property listed on the application. If any property has been listed which the board believes is not eligible for the exemption, the board shall issue a letter notifying the applicant that all or a portion of the application has been denied. The denial letter shall list the type and total fair market value of all property listed on the application for which the exemption has been approved and the type and total fair market value of all property listed on the application for which the exemption has been denied. The applicant shall have the right to appeal from the denial of the exemption for any property listed, and such appeal shall proceed as provided in Code Section 48-5-311. Except as otherwise provided in subparagraph (c)(2)(A) of this Code section, the county board of assessors shall not send a second letter of notification denying the exemption of all or a portion of such property listed on the application on new grounds that could and should have been discerned at the time the initial denial letter was issued.

(e) If the level 2 freeport exemption has been granted to a taxpayer for a taxable year, the county board of tax assessors shall issue a notice of renewal to the taxpayer for the immediately following taxable year. Such notice of renewal shall be issued not later than January 15 of such immediately following taxable year to facilitate the filing of a timely application and summary, as prescribed by the department, by the taxpayer for such taxable year.

48-5-48.6. Level 2 Freeport exemption; referendum

(a) This Code section shall be known and may be cited as the "Level 2 Freeport Exemption."

(b) As used in this Code section, the term "finished goods" means, for purposes of a level 2 freeport exemption, goods, wares, and merchandise of every character and kind constituting a business's inventory which would not otherwise qualify for a level 1 freeport exemption.

(c) The governing authority of any county or municipality may, subject to the approval of the electors of such political subdivision, exempt from ad valorem taxation, including all such taxes levied for educational purposes and for state purposes, inventory of finished goods.

(d) Whenever the governing authority of any county or municipality wishes to exempt such tangible property from ad valorem taxation, as provided in this Code section, the governing authority thereof shall notify the election superintendent of such political subdivision, and it shall be the duty of said election superintendent to issue the call for an election for the purpose of submitting to the electors of the political subdivision the question of whether such exemption shall be granted. The referendum ballot shall specify retail business inventory as the types of property as defined in this Code section which are being proposed to be exempted from taxation. The election superintendent shall issue the call and shall conduct the election on a date and in the manner authorized under Code Section 21-2-540.

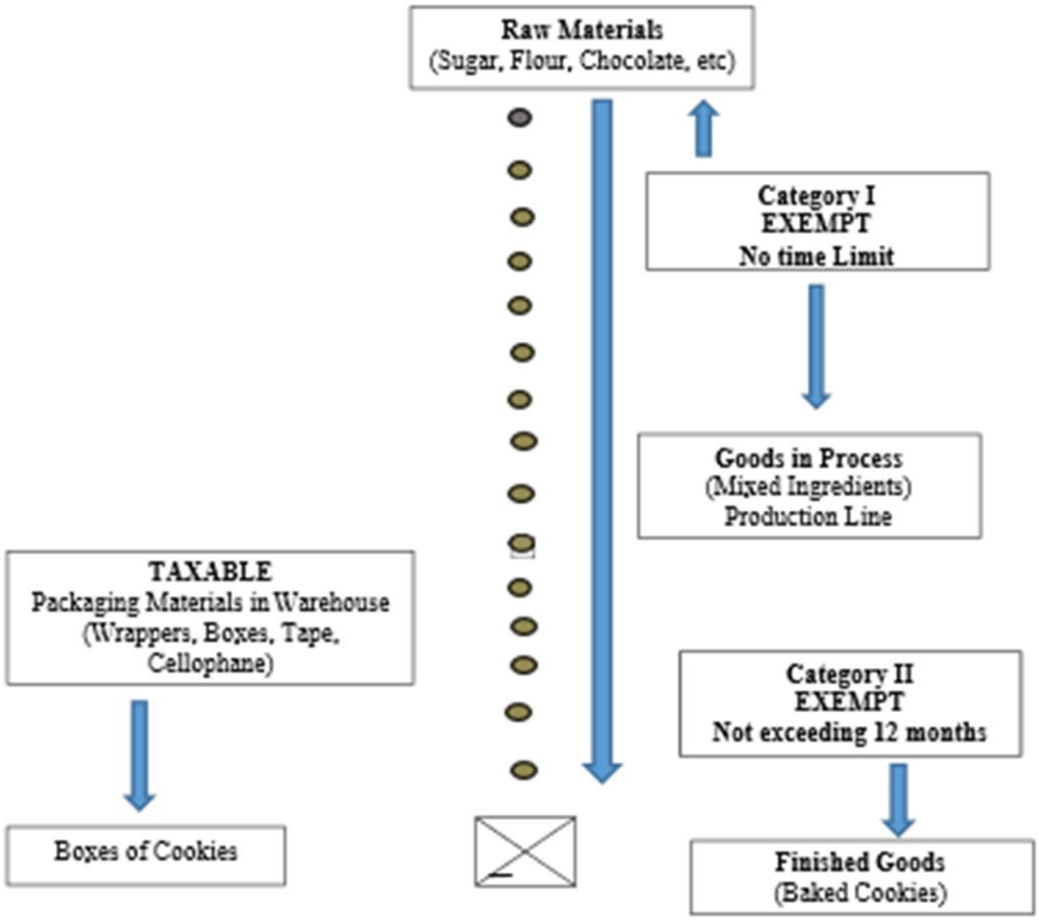
(e) The governing authority of any county or municipality wherein an exemption has been approved by the voters as provided in this Code section may, by appropriate resolution, a copy of which shall be immediately transmitted to the state revenue commissioner, exempt from taxation 20 percent, 40 percent, 60 percent, 80 percent, or all of the value of such tangible personal property as defined in this Code section; provided, however, that once an exemption has been granted, no reduction in the percent of the value of such property to be exempted may be made until and unless such exemption is revoked or repealed as provided in this Code section. An increase in the percent of the value of the property to be exempted may be accomplished by appropriate resolution of the governing authority of such county or municipality, and a copy thereof shall be immediately transmitted to the state revenue commissioner, provided that such increase shall be in increments of 20 percent, 40 percent, 60 percent, or 80 percent of the value of such tangible personal property as defined in this Code section, within the discretion of such governing authority.
(f)(1) If more than one-half of the votes cast on such question are in favor of such exemption, then such exemption may be granted by the governing authority commencing on the first day of any ensuing calendar year; otherwise, such exemption may not be granted. This paragraph is intended to clearly provide that following approval of such exemption in such referendum, such exemption may be granted on the first day of any calendar year following the year in which such referendum was conducted. This paragraph shall not be construed to imply that the granting of such exemption could not previously be delayed to any such calendar year.

> (2) Exemptions may only be revoked by a referendum election called and conducted as provided in this Code section, provided that the call for such referendum shall not be issued within five years from the date such exemptions were first granted and, if the results of said election are in favor of the revocation of such exemptions, then such revocation shall be effective only at the end of a five-year period from the date of such referendum.

(g) Level 2 freeport exemptions effected pursuant to this Code section may be granted either in lieu of or in addition to level 1 freeport exemptions under Code Section 48-5-48.2.

(h) The commissioner shall by regulation adopt uniform procedures and forms for the use of local officials in the administration of this Code section.

Trade Level I
Cookie Manufacturing Company
Freeport Exemption @ 100%



Judicial Decisions

Fayette County Board of Tax Assessors v. Walmart Stores, Inc.- Superior Court (2021)

[1]-Component parts of a self-checkout systems purchased by a retailer and which were held in Georgia for shipment to retail stores in other states were exempt from ad valorem tax under the freeport exemption in O.C.G.A. § 48-5-48.2(c)(3) (2017), which included inventory; [2]-The components fell into the broad category of "goods, wares, and merchandise of every character and kind," and the dictionary definition of "inventory" was a list of goods on hand or a quantity of goods or materials on hand; the fact that the components were required to be installed when they reached their final out-of-state destination did not render them "in the process of manufacture or production;" [3]-The parts were not "stock in trade of a retailer," which meant finished goods when such goods were held or stored at a business location from which such retail sales were regularly made; the retailer would not resell the self-checkout component parts.

Kraft Inc. v. Gwinnett Co. Board of Tax Assessors, Superior Court - Gwinnett Co. (1981).

The court allowed freeport exemption of finished goods inventory which were manufactured within the State of Georgia, DeKalb County and being held in Gwinnett County by the original manufacturer.

Murray Bakery Prods., Inc. v. Board of Tax Assessors 186 Ga. App. 559, 367 S.E.2d 852, aff'd, 258 Ga. 484, 371 S.E.2d 393 (1988).

Packaging materials are not "raw materials." Merely assembling purchased packaging materials was not substantial change of personal property in the ordinary course of a cookie maker's manufacturing business, and such materials did not qualify for the freeport exemption.

Cobb County Board of Assessors v. William Brothers, Inc., Superior Court - Cobb County (1991).

The Cobb Co. Superior Court agreed with the decision of the Board of Equalization to allow freeport exemption of raw materials, goods in process and finished goods for Williams Brothers, Inc. who manufacture concrete and concrete blocks, regardless of the fact that some sales were made at the retail level.

Tennant Company v. Board of Tax Assessors, Gwinnett County, Superior Court – Gwinnett Co. (1992).
The court ordered that the decision of the Board of Equalization be reversed so as to grant the appellant Tennant's application for freeport exemption pursuant to O.C.G.A. 48-5-48.2 for the tax year 1992 as to inventory in Tennant's Gwinnett Co. distribution center destined for shipment to end users outside the State of Georgia. The court considered Tennant to be a distributor, not a retailer. Further the court notes that the amended statute (O.C.G.A. 48-5-48.2(a)(4)). The legislature provided an opportunity for businesses considered retailers in Georgia to enjoy a tax exempt status on certain inventory. However, the legislature clearly and specifically limited the eligibility for such freeport exemption to retailers holding inventory for shipment outside the state for resale purposes only.

Georgian Art Lighting Design, Inc. v. Gwinnett County Board of Tax Assessors, 211 Ga. App. 510, 439 S.E.2d 687 (1993).

Georgian Art filed the necessary applications and schedules to receive the 80 percent Freeport exemption for the years 1988, 1989 and 1990. Gwinnett County conducted an audit of appellant's personal property tax returns for those years, and the auditor discovered large discrepancies between the costs of inventories on appellant's financial statements. As a result, Gwinnett County proposed additional assessments for each of the years in question and imposed a ten percent penalty on the additional assessment. Gwinnett County also refused to allow appellant the Freeport exemption on the newly assessed property. The appellant contended that the Freeport exemption should be allowed in determining the taxable value of the newly assessed property. The appellant did not contest the additional assessment or the ten percent penalty. Gwinnett County contended that the application for Freeport exemption is not properly filed unless the application and accompanying schedules accurately and without error reflect the value of property for which exemptions are sought. To apply the statute as Gwinnett County suggests would require the taxpayer to forfeit its statutory right to the Freeport exemption on property not accurately reported on the application. The court declined to place a construction on the statute when there is an existing statute which exacts a penalty on a taxpayer who failed to report the full value of personal property. See O.C.G.A. 48-5-299. Accordingly, the court concluded that appellant was entitled to the Freeport exemption.

G.E. Capital Computer Services v. Gwinnett County Board of Tax Assessors, (Superior Court of Gwinnett Co. Civil Action File No. 93-A-07017-2).
General Electric Capital Computer Services (GECC) possesses a facility from which testing and measuring equipment is sold, leased and rented to customers in Georgia and outside the state. GECC applied for a freeport exemption on goods stored at the facility in Duluth. The Gwinnett County Board of Tax Assessors denied the application for freeport exemption for 1993 because ". the inventory reported contained rental and leased equipment which does not qualify for the exemption." The Court holds that the portion of GECC's inventory which is in its possession and held for sale or lease on the assessment date, qualifies for a Freeport exemption. Equipment that has been leased does not qualify for the freeport exemption.

Gwinnett County Bd of Tax Assessors v GE Capital Computer Services, 273 Ga 175, 538 S.E.2d 746 (2000).
The doctrine of collateral estoppel applied to preclude the county board of tax assessors from relitigating a taxpayer's eligibility for the freeport exemption where there had been no change or development in the law.

Muscogee BTA v. Pace Industries Ga. App. (2011)

Inventory manufactured in Arkansas and shipped to and stored in Georgia for sale to a manufacturer who subsequently will sell a certain percentage out of state for resale purposes does not qualify for Freeport.

M&M Products Co., Inc. v. Clayton County Board of Tax Assessors, (Superior Court of Clayton County Civil Action File Nos. 90-CV-18329-2 and 90-CV-18330-2).

The Appellant in this case had two personal property accounts for the tax years 1988 and 1989. The Appellant properly filed an application for Freeport exemption on one account for 1988. The issue was whether the taxpayer should receive the benefit of a Freeport exemption for each of the tax years 1988 and 1989 as to both property tax accounts. The argument was based on the interpretation of O.C.G.A. 48-5-20(a) which states that each taxpayer shall be deemed to have claimed the same homestead exemption and personal property exemption as allowed in the preceding year. The court finds that O.C.G.A. 48-5-48.1 constitutes that latest expression of legislative intention, and further finds that to the extent that this law may conflict with O.C.G.A. 48-5-20(a) that O.C.G.A. 48- 5-48.1 supersedes and is the controlling statute. Accordingly, the court finds that the taxpayer may not obtain the benefits of the Freeport exemption for any amounts of inventory for which the taxpayer failed to timely (for each application and schedule.

DeKalb County Board of Tax Assessors v. Lanier Worldwide Inc. 208 Ga. App. 435, 430 S.E.2d 595 (1993).
The court of appeals reversed the judgment in favor of Lanier Worldwide, Inc., holding that it was not entitled to claim a freeport tax exemption because its application was not timely filed with the DeKalb Co. Board of Tax Assessors (BTA). Lanier delivered its application to the Post Office on April 1. The envelope was postmarked April 5. The BTA requires that an application either be received or postmarked by April 1. However, O.C.G.A. 48-5-448.1 requires the application to be received in the office on the day the books are closed, in DeKalb County's case, April 1. The court ruled that Lanier was not entitled to claim the Freeport exemption because it presented no evidence that it complied with the internal policy established by the BTA to determine when applications for freeport exemptions are timely filed. The court also ruled that the trial court erred in refusing to charge the jury that one who uses the U.S. mail assumes the risks incident to it.

Committee for Better Gov't v. Black, 216 Ga. App. 173, 453 S.E.2d 772 (1995).

Extension of time for filing not authorized. - County board of tax assessors was not authorized to extend the period of time for accepting applications beyond the date on which the books for the return of taxes in the county were closed.

G.H. Bass & Co. v. Fulton County Bd. Of Tax Assessors, 222 Ga. App. 118, 473 S.E.2d 253 (1996).

Taxpayer’s failure to apply for a Freeport exemption by the application deadline was controlled by this section, not by Section 48-5-20 which allows exemptions claimed in previous years without application.

Rockdale County v. Finishline Indus., Inc., 238 Ga. App. 467, 518 S.E.2d 720 (1999).

Applications for Freeport exemptions and personal property report forms are required by law to be furnished by the tax commissioner and filed by the date on which the tax commissioner closes the books. Additionally, although the County is required to furnish the report forms, the tax code does not require that the County mail the report forms to taxpayers, or to insure delivery thereof if mailed. The County is required only to make such forms available. There is no evidence in the record that the forms were not available to Finishline by requesting them from the County. We further note that the trial court found that the County contends that it sent a Freeport application form and a personal property report form to the same address as that used for the tax bill, which was received by Finishline.

The statute imposes a duty on the taxpayer to file a timely return. The risk of relying on the U.S. Post Office to deliver forms mailed by the State is on the taxpayer. Any failure to receive the application for Freeport exemption form does not excuse the taxpayer from meeting its burden to file the application, anymore than a failure to receive a state or federal income tax return form would excuse the taxpayer from filing such return.

Attorney General Opinion

U87-71
March 12, 1987

Request By: Robert S. Stubbs, II McVay & Stubbs Attorneys at Law
Opinion by: Lucy T. Sheftall, Assistant Attorney General

You have asked us to review an opinion given by you as county attorney to the Forsyth County Tax Commissioner and render you an unofficial opinion on the question of whether a taxpayer who fails to make a timely application for a freeport exemption is entitled to the benefit of that exemption for that tax year.

The freeport exemption, if adopted by a locality, allows the exemption of some or all of the personal property held by a taxpayer as inventory. The exemption was created by the Constitution of 1976 and is now continued in effect and implemented by O.C.G.A. §§ 48-5-48.1 and 48-5-48.2. O.C.G.A. § 48-5-48.1(a) specifically directs that the taxpayer seeking a freeport exemption "shall file a written application and schedule of property with the tax receiver or tax commissioner . . . on forms to be furnished by such tax official. Such application shall be filed in the year in which exemption from taxation is sought no later than the date on which the tax receiver or tax commissioner of the county in which the property is located closes his books for the return of taxes." Subsection (c) of the same code section further provides that "[t]he failure to file properly the application and schedule shall constitute a waiver of the exemption on the part of the person, firm, or corporation failing to make the application for such exemption for that year."

In the case TEC Am., Inc. v. DeKalb County Board of Tax Assessors, 170 Ga. App. 533 (1984), the Georgia Court of Appeals described the provisions of O.C.G.A. § 48-5-48.1 as "a clear legislative pronouncement to the effect that a taxpayer's failure to file a timely application for the inventory exemption would constitute a waiver of that exemption." 170 Ga. App. at 534.
Your letter indicates that you have been asked if O.C.G.A. § 48-5-20(a) which provides that a taxpayer who fails to return his property for taxation is deemed to have returned the same property and claimed the same homestead and personal property exemptions as filed the year before relieves a taxpayer from the duty to comply with O.C.G.A. § 48-5-48.1. I agree with your conclusion that the specific requirements set forth in O.C.G.A. § 48-5-48.1 should govern. Not only is O.C.G.A. § 48-5-48.1 enacted later in time than O.C.G.A. § 48-5-20(a), but it is also specifically directed to the constitutional freeport exemption while O.C.G.A. § 48-5-20 is more generally directed to all homestead and personal property exemptions.

Accordingly, it is my unofficial opinion that a taxpayer who fails to file a timely application for the freeport inventory exemption in accordance with the requirements of O.C.G.A. § 48-5-48.1 has waived that exemption for the tax year. Please be advised that this is an unofficial opinion representing the views of the writer only and is not an official opinion of the Attorney General.

Delta Air Lines v. Clayton County Board of Tax Assessors, 246 Ga. App. 255,539 S.E. 2d 905 (2000)

Business involving both transportation and manufacture. The fact that a company is in the transportation business is not fatal to its claim for a freeport exemption because it functions as a manufacture of aircraft parts and a remanufacturer of aircraft engines in the regular course of its business and those operations are located in this state.

Inventory of finished goods. Aircraft parts stored at the company and destined for shipment to airport stations outside Georgia qualified for freeport exemption. The company was not required to prove that the parts were intended for resale.

Aircraft engines in the process of remanufacture. The process of “heavy maintenance” constituting the disassembly of the engine, the replacement of a number of expendable parts, the machine working of other parts to specification, its reassembly and testing over an approximate six to eight week period, is “substantial” for purposes of the exemption under 48-5-48.2 Whether aircraft engines undergoing “light” maintenance were undergoing “substantial overhauling or rebuilding” for purpose of the exemption under48-5-48.2 is an issue meriting submission to a jury.

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Appling	1,2,3	100%
Baxley	1,2,3	100%
Atkinson	1,2,3	100%
Pearson	1,2,3	100%
Willacoochee	1,2,3	100%
Bacon	1	100%
Alma	1,2,3	100%
Baker	N/A	N/A
Baldwin	1,2,3	100%
Milledgeville	1,2,3	100%
Banks	1,2,3	100%
Barrow	1,2,3	100%
Auburn	1,2,3	100%
Statham	1,2,3	100%
Winder	1,2,3	100%
Bartow	1,2,3	100%
Adairsville	1,2,3	100%
Cartersville	1,2,3	100%
Emerson	1,2,3	100%
Ben Hill Co.	1,2,3	100%
Fitzgerald	1,2,3	100%
Berrien	1,2,3	100%
Alapaha	1,2,3	60%
Nashville	1,2,3	no decision
Macon-Bibb	1,2,3	100%
Bleckley	N/A	N/A
Brantley	1,2,3	100%
Hoboken	1,2,3	no decision
Nahunta	1,2,3	40%
Brooks	1,2,3	100%
Quitman	1,2,3	100%
Bryan	1,2,3	20%
Bulloch	1,2,3	100%
Portal	1,2,3	no decision

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Burke	1,2,3	100%
Waynesboro	1,2,3	100%
Butts	1,2,3,4	100%
Calhoun	N/A	N/A
Camden	1,2,3	100%
Kingsland	1,2,3	100%
St. Mary	1,2	100%
Candler	1,3	100%
Metter	1,2,3	100%
Carroll	1,2,3	100%
Bowdon	1,2,3	100%
Carrollton	1,2,3	100%
Temple	1,2,3	100%
Catoosa	1,2,3	100%
Fort Oglethorpe	1,2	40%
Ringgold	1,2,3	100%
Charlton	1,3	100%
Folkston	1,2,3	100%
Chatham	1,2,3	100%
City of Savannah	1,2,3	60%
Chattooga	1,2,3	100%
Chattahoochee	1,2,3	100%
Trion	1,2,3	60%
Cherokee	1,2,3	100%
Athens-Clarke	1,2,3	100%
Clay	1,2,3	100%
Clayton	1,2,3	40%
Clinch	1,2,3	100%
Homerville	1,2,3	100%
Cobb	1,2,3	100%
Acworth	1,2,3	100%
Austell	1,2,3	100%
Kennesaw	1,2,3	100%
Marietta	1,2,3	100%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Powder Springs	1,2,3	100%
Smyrna	1,2,3	100%
Coffee	1,2,3	100%
Doulgas	1,2,3	100%
Colquitt	1,2,3	100%
Moultrie	1,2,3	100%
Columbia	1,2,3	100%
Cook	1,2,3	100%
Coweta (Local FPE)	1,2,3	100%
Crawford	1,2,3	100%
Roberta	1,2,3	no decision
Crisp	1,2,3	100%
Cordele	1,2,3	100%
Dade	1,2,3	100%
Trenton	1,2,3	100%
Dawson	1,2,3	100%
Decatur	1,2,3	100%
Bainbridge	1,2,3	100%
Dekalb	1,2,3	100%
Atlanta	1,2,3	20%
Clarkston	1,2,3,4	100%
Dodge (Local FPE)	1,2,3	100%
Dooly	1,2,3	60%
Unadilia	1,2,3	100%
Vienna	1,2,3	100%
Doughtery	1,2,3	100%
Albany	1,2,3	100%
Douglas	1,2,3	100%
Douglasville	1,2,3	100%
Villa Rica	1,2,3	80%
Early	1,2,3	100%
Blakely	1,2,3	100%
Echols	1,2,3	100%
Effingham	1,2,3	100%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Elbert	1,2,3	100%
Elberton	1,2,3	100%
Emanuel	1,2,3	100%
Swainsboro	1,2,3	100%
Twin City	1,2,3	100%
Evans	1,2,3	100%
Claxton	1,2,3	100%
Fannin	1,2,3	100%
Fayette	1,2,3	100%
Peachtree City	1,2,3	20%
Tyrone	1,2,3	100%
Floyd	1,2,3	100%
Rome	1,2,3	100%
Forsyth	1,2,3	100%
Franklin	1,2,3	100%
Lavonia	1,2,3	100%
Fulton	1,2,3,4	100%
Alpharetta	1,2,3	100%
Atlanta	1,2,3	20%
East Point	1,2,3	100%
Fairburn	1,2,3	100%
Roswell	1,2,3	100%
Union City	1,2,3	60%
Gilmer	1,2,3	100%
Elijay	1,2,3	100%
Glascock	N/A	N/A
Glynn (Local FPE)	1,2,3	100%
Gordon	1,2,3	40%
Calhoun	1,2,3	20%
Grady	1,2,3	100%
Cairo	1,2,3	100%
Greene	1,2,3	100%
Greensboro	1,2,3	100%
Union Point	1,2,3	20%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Gwinnett	1,2,3	100%
Buford	1,2,3	100%
Duluth	1,2,3	100%
Norcorss	1,2,3,4	100%
Sugar Hill	1,2,3	100%
Suwanee	1,2,3	100%
Habersham	1,2,3	100%
Cornelia	1,2,3	80%
Hall	1,2,3	100%
Buford	1,2,3	80%
Flowery Branch	1,2,3	100%
Gainseville	1,2,3	80%
Oakwood	1,2,3	100%
Hancock	1,2,3	100%
Haralson	3	100%
Bremen	1,2,3	100%
Tallapoosa	1,2,3	100%
Harris	1,2,3	100%
Hart	1,2,3	100%
Heard	N/A	N/A
Henry (Local FPE)	1,2,3	100%
Houston	1,2,3	100%
Centerville	1,2,3	60%
Perry	1,2,3	100%
Warner Robins	1,2,3	20%
Irwin	1,2,3	100%
Ocilla	1,2,3	100%
Jackson	1,2,3	100%
Commerce	1,2,3	100%
Jefferson	1,2,3	100%
Jasper	1,2,3	100%
Monticello	1,2,3	100%
Jeff Davis	1,2,3	100%
Hazlehurst	1,2,3	100%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Jefferson	1,2,3	100%
Louisville	1,2,3	100%
Wadley	1,2,3	100%
Wrens	1,2,3	100%
Jenkins	1,2,3	100%
Millen	1,2,3	100%
Johnson	1,2,3	100%
Wrightsville	1,2,3	100%
Jones	1,2,3	100%
Gray	1,2,3	100%
Lamar	1,2,3	100%
Barnesville	1,2,3	100%
Milner	1,2,3	100%
Lanier	N/A	N/A
Laurens	1,2,3	100%
Dublin	1,2,3	100%
Dudley	1,2,3	100%
East Dublin	1,2,3	100%
Lee	1,2,3	100%
Smithville	1,2,3	100%
Liberty	1,2,3	100%
Lincoln	1,2,3	100%
Long	1,2,3	60%
Lowndes	1,2,3	100%
Hahira	1,2,3	100%
Valdosta	1,2,3	100%
Lumpkin	1,2,3	100%
Macon	1,2,3	100%
Madison	1,2,3	100%
Marion	1,2	60%
McDuffie	1,2,3	100%
Thomson	1,2,3	100%
McIntosh	1,2,3	100%
Meriwether	1,2,3	100%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Machester	1,2,3	100%
Miller	1,2,3	100%
Colquitt	1,2,3	100%
Mitchell	1,2,3	100%
Baconton	1,2,3	no decision
Camilla	1,2,3	100%
Pelham	1,2,3	100%
Sale City	1,2,3	no decision
Monroe	2,3	100%
Forsyth	1,2,3	100%
Montgomery	1,2,3	100%
Morgan	1,2,3	100%
Madison	1,2,3	100%
Murray	1,2,3	100%
Muscogee (Local FPE)	1,2,3	100%
Newton	1,2,3	100%
Covington	1,2,3	100%
Oconee	1,2,3	100%
Paulding	1,2,3	100%
Dallas	1,2,3	100%
Peach	1,2,3	100%
Bryon	1,2	100%
Fort Valley	1,2,3	60%
Pickens	1,2,3	80%
Pierce	1,2,3	100%
Blackshear	1,2,3	100%
Pike	1,2,3	100%
Zebulon	1,2,3	100%
Polk	1,2,3	100%
Cedartown	1,2,3	100%
Rockmart	1,2,3	100%
Pulaski	1,2,3	100%
Putnam	Levels 1 & 2	100%

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Eatonton	Levels 1 & 2	100%
Quitman	1,2,3	100%
Rabun	1,2,3	100%
Randolph	1,2,3	40%
Richmond	1,2,3	100%
Augusta	1,2,3	100%
Rockdale	1,2,3	100%
Conyers	1,2,3	100%
Schley	1,2,3	100%
Ellaville	1,2,3	100%
Screven	1,2,3,4	100%
Newington	1,2,3	100%
Sylvania	1,2,3	100%
Seminole	1,2,3	100%
Donalsonville	1,2,3	100%
Spalding	1,2,3	1 - 100%; 2,3 - 40%
Griffin	1,2,3	100%
Stephens	1,2,3	100%
Toccoa	1,2,3	100%
Stewart	1,2,3	100%
Sumter	1,2,3	100%
Americus	1,2,3	100%
Plains	1,2,3	60%
Talbot	1,2,3	20%
Taliaferro	1,2,3	100%
Tattnall	1,2,3	100%
Glennville	1,2,3	100%
Reidsville	1,2,3	100%
Taylor	1,2,3	100%
Telfair	1,2,3	100%
Terrell	1,2,3	100%
Thomas Co.	1,2,3	100%
Boston	1,2,3	no decision

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	CLASSES OR LEVELS OF INVENTORY	AMOUNT OF EXEMPTION
Thomasville	1,2,3	100%
Tift	1,2,3	100%
Tifton	1,2,3	100%
Toombs	1,2,3	100%
Lyons	1,2,3	100%
Vidalia	1,2,3	100%
Towns	N/A	N/A
Treutlen	1,2,3	100%
Troup	1,2,3	100%
Hoganville	1,2,3	100%
LaGrange	1,2,3	100%
West Point	1,2,3	100%
Turner	1,2,3	100%
Ashburn	1,2,3	100%
Twiggs	1,2,3	100%
Union	1,2,3	100%
Blairsville	1,2,3	100%
Upson	1,2,3	100%
Thomaston	1,2,3	100%
Walker	1,2,3	100%
LaFayette	1,2,3	100%
Rossville	1,2,3	100%
Walton	1,2,3	60%
Monroe	1,2,3	100%
Social Circle	1,2,3	100%
Ware	1,2,3	100%
Waycross	1,2,3	100%
Warren	1,2,3	100%
Warrenton	1,2,3	100%
Washington	1,2,3	100%
Davisboro	1,2,3	100%
Deepstep	1,2,3	100%
Sandersville	1,2,3	100%
Tennille	1,2,3	100%

Rule 560-11-10-0.2-.08(1)(c)(2)

Reviewing applications. The appraisal staff shall, upon receipt of a freeport application, reconcile the figures reported on such form to any inventory totals that may have been returned by the property owner. The appraisal staff may obtain relevant information as is available from financial records or other records of the property owner when needed to reconcile the figures reported on the application. Once the appraisal staff has completed the reconciliation of the freeport application, they shall forward the application and their recommendations, along with any supporting documentation, to the board of tax assessors. When the appraisal staff recommends the freeport application be denied, in whole or in part, they shall include the reasons for their recommendation.

TWO VERSIONS OF FREEPORT	
FREEPORT LEVEL 1	**FREEPORT LEVEL 2**
Category 1 (Raw Materials & WIP) Category 2 (FG held by original manufacturer) Category 3 (FG destined for out of state) Category 4 (Stock in trade of a fulfillment Center)	Retail Inventory
APPLICAABLE CODE SECTIONS	
O.C.G.A 48-5-48.1 O.C.G.A.48-5-48.2	O.C.G.A. 48-5-48.5 O.C.G.A. 48-5-48.6

LEVEL 1 FREEPORT EXEMPTION				
INVENTORY CATEGORY	CATEGORY I	CATEGORY II	CATEGORY III	CATEGORY IV
QUALIFIERS	1- Raw Materials 1- Goods in Process	2- Manufactured Finished Goods	3- Finished Goods stored in a Warehouse for Out of State Shipment	4- Finished Goods Stored in a Fulfillment Center
TRADE LEVEL	1- Manufacturing or Production Business	1- Manufacturing or Production Business	2- Wholesaler or Distributor 3- Some Retailers	3- Some Retailers
TIME LIMITS	No Time Limit	Not Exceeding 12 months	Not exceeding 12 months	Not exceeding 12 months

Freeport Exercise - #1

ABAC Concrete INC
The address is 123 Stiff Lane Rock, GA 31551

This is a manufacturing company. The company is reporting inventory using the FIFO accounting method. The Freeport Application was timely filed by April 1st.

INVENTORY	
Packing Supplies	**$1,500**
Other expensed supplies	**700**
Spare Parts	**1,200**
Finished good (held for 18 months)	**75,000**
Raw materials	**200,000**
Good in process	**300,000**
Finished Goods (held for 9 months)	**100,000**

Freeport Exercise - #2

Mostly Shipping Stuff 888 Stuff Moving Road Mershon, Ga 31551

This is a wholesale company. The company is reporting inventory using the FIFO accounting method. The Freeport Application was timely filed by April 1st.

INVENTORY	
Total Finished good held for less than 12 months	**$3,700,000**
Spare Parts	**115,000**
Packing Supplies	**1,000**
Other Expensed Supplies	**72,000**
Total finished goods shipped last year	**2,500,000**
Total finished goods shipped out of state last year	**1,500,000**

Motor Vehicle Dealers

48-5-472. Ad valorem taxation of motor vehicles owned and held by dealers for retail sale

(a) For the purpose of this Code section, the term "dealer" means any person who is engaged in the business of selling motor vehicles at retail and who holds a valid current dealer's identification number issued by the department.

(b) Motor vehicles which are owned by a dealer and held in inventory for sale or resale shall constitute a separate subclassification of motor vehicles within the motor vehicle classification of tangible property for ad valorem taxation purposes. The procedures prescribed in this article for returning motor vehicles for ad valorem taxation, determining the applicable rates for taxation, and collecting the ad valorem taxes imposed on motor vehicles do not apply to such motor vehicles which are owned by a dealer. Such motor vehicles which are owned by a dealer shall not be returned for ad valorem taxation, shall not be taxed, and no taxes shall be collected on such motor vehicles until they are transferred and then become subject to taxation as provided in Code Section 48-5-473.

Mobile Homes

48-5-491. [Reserved]Ad valorem taxation of mobile homes owned and held by dealers for sale; returns of dealers' inventory; dealer's assessed value; determination of tax rate; time for payment of taxes; mobile homes in transit on January 1

48-5-440. Definitions

(3)"Mobile homes" means manufactured homes and relocatable homes as defined in Part 2 of Article 2 of Chapter 2 of Title 8. Any mobile home which qualifies the taxpayer for a homestead exemption under the laws of this state shall not be considered a mobile home nor subject to this article. This article shall not apply to 48s engaged in the business of selling mobile homes at wholesale or retail and every mobile home owned in this state on January 1 by a dealer shall be subject to ad valorem taxation in the same manner as other taxable tangible personal property.

Equipment subject to ad valorem taxation.

48-5-501. Equipment subject to ad valorem taxation.

Except as exempted by law, heavy-duty equipment used for construction purposes which is owned by a nonresident and operated in this state after January 1 of any year and which was brought into Georgia from a state which subjects to taxation heavy-duty equipment owned by residents of this state and taken into such other state after the initial tax assessment date in such other state shall be subject to ad valorem taxation the same as if such heavy-duty equipment had been held or owned in this state on January 1, except that such ad valorem tax shall be prorated with respect to the number of months remaining in the year.

48-5-500. Definitions

(1) “Construction purposes” does not include mining activities or the transportation of materials used in or produced by forestry activities.

(2) “Heavy-duty equipment” means any motor vehicle used primarily off the open road for construction purposes, but shall include all road construction equipment whose gross weight exceeds 16,000 pounds, but shall not include inventory on hand for sale by duly licensed heavy-duty equipment dealers.

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EXEMPT PROPERTY FOR GEORGIA DEALERS	
Self-propelled heavy-duty equipment motor vehicle weighing 5,000 lbs or more	
Self-propelled farm equipment	Self-propelled aircraft

What is self-propulsion? The act or drawing or pushing forward by a vehicle’s own engine, motor, or the like. (Dictionary.com)

48-5-504. Self-propelled farm equipment as subclassification of motor vehicle for ad valorem taxation purposes.

(a) As used in this Code section the term:

(1) 'Dealer' means any person who is engaged in the business of selling farm equipment at retail.

(2) 'Farm equipment' means any vehicle as defined in Code Section 40-1-1 which is self- propelled and which is designed and used primarily for agricultural, horticultural, forestry, or livestock raising operations.

(b) Self-propelled farm equipment which is owned by a dealer and held in inventory for sale or resale shall constitute a separate subclassification of motor vehicle within the motor vehicle classification of tangible property for ad valorem taxation purposes. The procedures prescribed in this chapter for returning self-propelled farm equipment for ad valorem taxation, determining the application rates for taxation, and collecting the ad valorem taxes imposed on self-propelled farm equipment do not apply to self-propelled farm equipment which is owned by a dealer and held in inventory for sale or resale. Such self-propelled farm equipment which is owned by a dealer and held in inventory for sale or resale shall not be returned for ad valorem taxation, shall not be taxed, and no taxes shall be collected on such self-propelled farm equipment until it is transferred and then otherwise, if at all, becomes subject to taxation as provided in this chapter.

Examples: harrows, hay equipment, rotary mowers, bottom plows

Aircraft Dealer Inventory

48-5-504.20. (Effective January 1, 2006) Exemption for aircraft owned by a dealer and held in inventory for sale or resale.

(a) As used in this Code section, the term:

(1)"Aircraft" means any vehicle which is self-propelled and which is capable of flight

(2)"Dealer" means any person who is engaged in the business of selling aircraft at retail.

(b) Aircraft which is owned by a dealer and held in inventory for sale or resale shall constitute a separate classification of tangible property for ad valorem taxation purposes. The procedures prescribed in this chapter for returning aircraft for ad valorem taxation, determining the application rates for taxation and collecting the ad valorem taxes imposed on aircraft do not apply to aircraft which is owned by a dealer and held in inventory for sale or resale. Such aircraft which is owned by a dealer and held in inventory for sale or resale shall not be returned for ad valorem taxation, shall not be taxed, and not taxes shall be collected on such aircraft until it is transferred and then otherwise, if at all, becomes subject to taxation as provided in this chapter.

Watercraft and All-Terrain Vehicles Inventory

48-5-504.40. Watercraft and all-terrain vehicles held in inventory for resale exempt from taxation for limited period of time.

(a) As used in this Code section, the term:

(1)“All-terrain vehicle” shall have the same meaning as provided for in paragraph (3) of Code Section 40-1-1.

> … “All-terrain vehicle” means a motorized vehicle originally manufactured for off-highway use which is equipped with three or more nonhighway tires, is 80 inches or less in width with a dry weight of 3,500 pounds or less, and is designed for or capable of cross-country travel on or immediately over land, water, snow, ice, marsh, swampland, or other natural terrain.

(2) "Dealer" means any person who is engaged in the business of selling watercraft or all-terrain vehicles at retail.

(3) "Watercraft" means any vehicle which is self-propelled or which is capable of self-propelled water transportation, or both.

(b) Watercraft and all-terrain vehicles which is owned by a dealer and held in inventory for sale or resale shall constitute a separate classification of tangible property for ad valorem taxation purposes. The procedures prescribed in this chapter for returning watercraft or all-terrain vehicles for ad valorem taxation, determining the application rates for taxation, and collecting the ad valorem taxes imposed on watercraft or all-terrain vehicles do not apply to watercraft or all-terrain vehicles owned by a dealer and held in inventory for sale or resale. Such watercraft or all-terrain vehicles owned by a dealer and held in inventory for sale or resale shall not be returned for ad valorem taxation, and shall not be taxed, and no taxes shall be collected on such watercraft or all-terrain vehicles until they are transferred and then otherwise, if at all, become subject to taxation as provided in this chapter.

48-5-505. Definitions

As used in this article, the term:

(1) 'Dealer' means any person who is engaged in the business of selling heavy-duty equipment motor vehicles at retail and who holds a valid current dealer's resale tax exemption number.

(2) 'Heavy-duty equipment motor vehicle' means a motor vehicle with all its attachments and parts which is self-propelled, weighs 5,000 pounds or more, and is primarily designed and used for construction, industrial, maritime, or mining uses, provided that such motor vehicles are not required to be registered and have a license plate.

48-5-506. Heavy-duty equipment motor vehicles; dealers

(a) The provisions of this article shall apply only to heavy-duty equipment motor vehicles and dealers as defined in Code Section 48-5-505.

(b) The provisions of Part 2 of Article 10 of this chapter shall apply to all other heavy- duty equipment motor vehicles and dealers not provided for in subsection (a) of this Code section.

48-5-507. Change of method of evaluating heavy-duty equipment motor vehicles for ad valorem taxes; purpose

(a) Except as provided in subsections (b) and (c) of this Code section, every heavy-duty equipment motor vehicle owned in this state by a natural person or other entity is subject to ad valorem taxation by the various tax jurisdictions authorized to impose an ad valorem tax on property only if owned by such natural person or entity on the first day of January of any taxable year. Taxes shall be charged against the owner of the property, if known, and, if unknown, against the specific property itself. The owner shall return the heavy-duty equipment motor vehicle for taxation as provided in Article 1 of this chapter.

(b)(1) Any and all purchases of heavy-duty equipment motor vehicles by dealers for the purpose of resale shall be exempt from ad valorem tax at the time of the purchase by the dealer.

(2) Any person or entity which purchases a heavy-duty equipment motor vehicle from a dealer shall, for the taxable year in which the heavy-duty equipment motor vehicle is purchased only, return such heavy-duty equipment motor vehicle for ad valorem taxation purposes, within 30 days of the end of the month in which such purchase is made, to the appropriate county and shall pay a tax for such taxable year. Upon receipt of such return, the tax commissioner shall within five days prepare and bill the purchaser for the ad valorem tax. Such tax shall be equal to 331/3 percent of the amount derived by multiplying the amount of ad valorem tax which would otherwise be due on the heavy-duty equipment motor vehicle and shall be based on the selling price to the end user times 40 percent, thus deriving the taxable assessment, times the tax rate imposed by the tax authority for the preceding tax year, by a fraction the numerator of which is the number of months remaining in the calendar year not counting the month of purchase and the denominator of which is 12. In no event shall the ad valorem tax due be less than $100.00 for the year of purchase. The taxes levied under this subsection shall be due 60 days after the billing therefore.

(3) Any ad valorem tax due shall be based on the selling price of the heavy-duty equipment motor vehicle purchased.

(4) In the event that any heavy-duty equipment motor vehicle is purchased other than for resale by a person or entity not domiciled in this state, at the time of the sale the dealer shall collect the ad valorem tax which would be applicable for the county where the heavy-duty equipment motor vehicle was held in inventory at the time of the sale. Each dealer, on or before the last day of the month following a sale to such person or entity, shall transmit returns and remit the ad valorem taxes collected to the tax commissioner of the county where the heavy-duty equipment motor vehicle was held in inventory at the time of the sale. Such returns shall show all sales and purchases taxable under this article during the preceding calendar month. The returns required by this subsection shall be made upon forms prescribed, prepared, and furnished by the state revenue commissioner. If any dealer liable for any tax, interest, or penalty imposed by this article sells out his or her business's heavy-duty equipment motor vehicles or quits the business, he or she shall make a final return and payment within 30 days after the date of selling or quitting the business. Any dealer who does not collect tax as required under this paragraph or who fails to properly remit taxes collected under this paragraph shall be liable for the tax and the tax commissioner shall collect such tax, penalty, and interest in the same manner that other taxes are collected.

(c) Except as otherwise provided in this subsection, heavy-duty equipment motor vehicles which are owned by a dealer are not included within the distinct subclassification of tangible property made by this article for all other heavy-duty equipment motor vehicles. The procedures prescribed in this article for returning heavy-duty equipment motor vehicles for ad valorem taxation, determining the applicable rates for taxation, and collecting the ad valorem taxes imposed on heavy-duty equipment motor vehicles do not apply to heavy-duty equipment motor vehicles which are owned by a dealer. Heavy-duty equipment motor vehicles which are owned by a dealer shall not be returned for ad valorem taxation, shall not be taxed, and no taxes shall be collected on such heavy-duty equipment motor vehicles until they become subject to taxation as provided in subsections (a) and (b) of this Code section. No heavy-duty equipment motor vehicle held by a dealer in inventory for resale shall be subject to ad valorem taxation unless such heavy-duty equipment motor vehicle was in the dealer's inventory on January 1 of the taxable year and continued to remain in such dealer's inventory on December 20 of such taxable year, in which case the dealer shall be required to return the heavy-duty equipment motor vehicle for ad valorem taxation on December 21 of that taxable year. The assessed value of each heavy-duty equipment motor vehicle owned by a dealer shall be 40 percent of the fair market value of the heavy-duty equipment motor vehicle on January 1 of that taxable year. The tax commissioner shall prepare and mail a tax bill within five days of receipt of such dealer's return. The taxes levied under this subsection shall be due 60 days after the billing therefor.

(d) Within 30 days of the last day of a month during which there is a sale of any heavy-duty equipment motor vehicle other than for resale, the dealer shall mail to the tax commissioner of the county where the purchaser is domiciled a statement notifying the tax commissioner of the sale which shall include information such as the date of the sale, the selling price, and the name and address of the purchaser. Such statement shall be upon forms prescribed, prepared, and furnished by the state revenue commissioner.

(e) The failure of any person or entity to return property as required by this Code section shall subject such person or entity to penalties as provided in Code Section 48-5-299. The failure of any person or entity to pay the taxes as required by this Code section hall subject such person or entity to penalties and interest as provided by Code Section 48-2-44.

HEAVY DUTY EQUIPMENT CALCULATION					
Sales Price (100% Value)	40%	Millage Rate	<u>Months Remaining in Year*</u> 12	1/3	Taxable Amount, should not be less than $100

*Not counting month purchased

Rental status on dealer's inventory.

48-5-507.1. Effect of rental status on dealer's inventory.

If the nature of the dealer's business is primarily the sale of heavy-duty equipment motor vehicles, then for purposes of this article, the rental of a heavy-duty equipment motor vehicle by the dealer to a customer shall not be deemed to have removed the vehicle from the dealer's inventory.

Miscellaneous pledges, authorizations and exemptions

50-17-29. Miscellaneous pledges, authorizations and exemptions.

(e) Exemption from taxation.

(1) Except as otherwise provided in paragraph (2) of this subsection, no city, county, municipality, or other political subdivision of this state shall impose any tax, assessment, levy, license fee, or other fee upon any contractors or subcontractors as a condition to or result of the performance of a contract, work, or services by such contractors or subcontractors in connection with any project being constructed, repaired, remodeled, enlarged, serviced, or destroyed for, or on behalf of, the state or any of its agencies, boards, bureaus, commissions, and authorities; nor shall any city, county, municipality, or other political subdivision in computing the amount of any tax, assessment, levy, license fee, or other fee authorized to be imposed on any contractors or subcontractors.

Assessment of Personal Property used on State Contracts

Rule 560-11-10-.08(1)(e) Personal Property Appraisal

(e) Assessments of personal property used on state contracts. Under Code section 50-17-29 (e)(1), the appraisal staff shall not propose an assessment upon the personal property of any contractor or subcontractor as a condition to or result of the performance of a contract, work, or services by such contractor or subcontractor in connection with any project being constructed, repaired, remodeled, enlarged, serviced, or destroyed for, or on behalf of, the state or any of its agencies, boards, bureaus, commissions, and authorities. The appraisal staff shall inquire into the nature of the use of such property and prepare their proposed assessment in accordance with this Subparagraph.

1. Personal property located in headquarters' county. When the tax situs of the personal property being used on state projects is in the same county as where the property owner's permanent business headquarters and administrative offices are located, and such property is not used exclusively for the state projects contemplated by Code section 50-17-29 (e)(1), the appraisal staff shall not apportion their proposed assessment of the property. When such property is used exclusively for such state projects, such property is made exempt by Code section 50-17-29 (e)(1) from ad valorem taxation by the county and the appraisal staff shall treat such property as exempt property is treated.

2. Personal property not located in headquarters' county. When the tax situs of the personal property being used on state projects is in a county other than where the property owner's permanent business headquarters and administrative offices are located, and such property would not be located in the county absent the state projects, then the appraisal staff shall apportion their proposed assessment of such property as follows: The exempt portion of the personal property being used on state projects shall be that pro rata portion of the total value of such property that represents the percentage the contractor or subcontractor can reasonably demonstrate is likely to represent the portion of their business that will result from state projects during the tax year. The appraisal staff may consider the percentage of income, production output, or time attributable to state projects during the preceding year. The appraisal staff shall consider any information submitted by the property owner regarding the basis for the apportionment. The appraisal staff

shall not apportion the personal property when the property owner fails to provide reasonable evidence necessary to determine the portion of the property owner's business that will result from state projects during the year.

Judicial Decisions

Lunda Constr. Co. v Clayton County, 201 Ga. App. 106 (1991)

The company contended that Ga. Code Ann. § 50-17-29(e) exempted a contractor from local ad valorem taxes incurred as a result of its performance of work on the State's behalf. Section 50-17-29(e) provided, in its first part, that no county could impose any tax upon a contractor on account of its performance of a State project. The County urged that ad valorem tax upon the company's property utilized on the state project was authorized because of the ambiguity created by the second part of the statute. That part provided that no county could include the contract price of work performed for the State in computing the amount of any tax authorized to be imposed on a contractor. The court reversed the trial court's judgment. The court stated that (1) the first part of § 50-17-29(e) clearly prohibited the imposition of an ad valorem tax upon the company's equipment used for the State project; and (2) the second part of the statute meant that if there was some other tax authorized to be imposed on a contractor, which was not on account of its work on a State project, a county could not include the contract price of the project as a basis for the other authorized tax. The court reversed the trail court's denial of summary judgment to the construction company and its grant of summary judgment to the County.

Gainesville Asphalt, Inc. v. Hall County, 214 Ga. App. 679, 448 S.E.2d 721 (1994).

Contrary to Gainesville's claim, the instant case is distinguishable from Lunda Constr. Co. v. Clayton County, 201 Ga.App. 106 (410 S.E.2d 446) (1991), in which this court held under OCGA § 50-17-29

(e) a contractor's equipment located in Clayton County was exempt from local ad valorem taxation. A review of the opinion and the record in Lunda reveals the contractor did not reside permanently in Clayton County and its equipment was located there solely for work on a DOT project. Because the contractor's equipment would not have been located in Clayton County but for the state project, the county's imposition of taxes on the equipment was an improper condition to or result of the performance of work for the state. In the instant case, however, Gainesville's inventory and equipment are permanently located in Hall County and are not situated there purely for [214 Ga. App. 681] use on state projects. The mere fact that Gainesville uses its personal property, in part, to produce asphalt sold to the DOT does not exempt the property from ad valorem taxation by the county where it is permanently situated.

Gwinnett County Bd. of Tax Assessors v. APAC-Georgia, Inc., 215 Ga. App. 609, 451 S.E.2d 798 (1994).

The extent to which APAC-GEORGIA's machinery and equipment were used in state projects in tax year 1993 is undisputed in the record. Likewise, it is undisputed below that APAC-GEORGIA was not a resident of Gwinnett County, and that it would not have located its property in Gwinnett County, nor continued to locate it there, but for state projects. Accordingly, the ad valorem tax exemption pursuant to OCGA 50-17-29 (e) was properly granted below.

APAC-Georgia, Inc. v. Richmond County Bd. of Tax Assessors, 230 Ga. App. 570, 496 S.E.2d 488 (1998).

The record here shows that APAC would not long remain in the County absent the State projects. See Gwinnett County v. APAC-GEORGIA, 215 Ga.App. at 610, 451 S.E.2d 798 (finding that APAC was not a Gwinnett County resident despite the presence of its Norcross Asphalt Facility there). APAC's Richmond County plant, which was expanded to accommodate State work requirements, is simply bolted to a frame and is portable. Furthermore, as noted, the availability of State work is a determinative factor in APAC's choice of locations. Under these circumstances, we find that the tax, imposed solely due to APAC's presence in the taxing county, contravened OCGA § 50-17-29(e)'s stricture against county taxation of contractors as a result of work performed on the State's behalf.

Personal Property Used In State Contracts Examples

1. State Hi-way Construction, Inc. has its business headquarters located in your county. SHC files its property tax return with your county and requests a partial assessment based on the fact that in 2014 50% of their work performed was for the Georgia DOT in your county. Should 50% of their work performed for 2014 on GDOT project be exempt? Explain you answer.

2. State Hi-way Construction, Inc. has its business headquarter located in another county. During 2014, SHC, Inc. began construction of a new interchange on a state highway in your county. SHC does not file a property tax return with your county since under 50-17-29 (e)(1) the property used on state projects is exempt from all taxation. Should SHC be assessed property taxes for 2015? Explain you answer.

3. State Hi-way Construction, Inc. has its business headquarters located in another county. SHC, Inc. has a portable asphalt plant located in your county at a temporary site. SHC files its property tax return with your county and requests a partial assessment based on the fact that in 2014 50% of their work performed was for GDOT and 50% on private projects. Should SHC, Inc be assessed based on the percentage of work performed for 2014 in your county? Explain you answer.

Taxation of various federal agencies and federal instrumentalities.

Excerpts from United States Code Annotated dealing with taxation of various federal agencies and federal instrumentalities.

Taxation of Farmers Home Administration held property

All property subject to a lien held by the United States on the title to which is acquired or held by the Secretary under this subchapter other than property used for administrative purposes shall be subject to taxation by a State, Commonwealth, territory, possession, district, and local political subdivisions in the same manner and to the same extent as other property is taxed.

Federal Land Banks (Personal Property Exempt)

Every Federal land bank and every Federal land bank association and the capital, reserves, and surplus thereof, and the income derived there from shall be exempt from Federal, State, municipal, and local taxation, except taxes on real estate held by a Federal land bank or a Federal land bank association to the same extent, according to its value, as other similar property held by other persons is taxed.

Federal intermediate Credit Banks (Personal Property Exempt)

Every Federal intermediate credit bank and the capital, reserves, and surplus thereof, and the income derived there from shall be exempt from Federal, State, municipal, and local taxation except taxes on real estate held by a Federal intermediate credit bank to the same extent, according to its value, as other similar property held by other persons is taxed.

Production Credit Associations (Personal Property Taxable)

Each production credit association and its obligations are instrumentalities of the United States and as such shall be exempt except that any real and tangible personal property of such association shall be subject to Federal, State, territorial, and local taxation to the same extent as similar property is taxed.

Government National Mortgage Association (Personal Property Exempt)

The Association shall be exempt except that any real property of the Association shall be subject to State, territorial, county, municipal, or local according to its value as other real property is taxed.

Federal National Mortgage Association (Personal Property Exempt)

The corporation shall be exempt except that any real property of the corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent as other real property is taxed.

HUD (Personal Property Exempt)

The secretary is authorized to (1) foreclose, (2) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned.

Federal Housing Authority (Personal Property Exempt) Deals with taxation and exemption of certain obligations Federal Credit Unions (Personal Property Taxable)

The federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt except that any real property and any tangible personal property of such federal credit unions shall be subject to Federal, State, territorial, and other local taxation to the same extent as other similar property is taxed.

Veterans Administration (Personal Property Exempt)

Service Members Civil Relief Act (SCRA)

Title V – Taxes and Public Lands

Section 501 – Taxes respecting personal property, money, credits, and real property.

(a) APPLICATION - This section applies in any case in which a tax or assessment, whether general or special (other than a tax on personal income), falls due and remains unpaid before or during a period of military service with respect to a servicemember's--

(1) personal property (including motor vehicles); or

(2) real property occupied for dwelling, professional, business, or agricultural purposes by a servicemember or the servicemember's dependents or employees--

(A) before the servicemember's entry into military service; and

(B) during the time the tax or assessment remains unpaid.

(b) SALE OF PROPERTY

(1) Limitation on sale of property to enforce tax assessment - Property described in subsection (a) may not be sold to enforce the collection of such tax or assessment except by court order and upon the determination by the court that military service does not materially affect the servicemember's ability to pay the unpaid tax or assessment.

(2) Stay of court proceedings - A court may stay a proceeding to enforce the collection of such tax or assessment, or sale of such property, during a period of

military service of the servicemember and for a period not more than 180 days after the termination of, or release of the servicemember from, military service.

(d) INTEREST ON TAX OR ASSESSMENT - Whenever a servicemember does not pay a tax or assessment on property described in subsection (a) when due, the amount of the tax or assessment due and unpaid shall bear interest until paid at the rate of 6 percent per year. An additional penalty or interest shall not be incurred by reason of nonpayment. A lien for such unpaid tax or assessment may include interest under this subsection.

(e) JOINT OWNERSHIP APPLICATION - This section applies to all forms of property described in subsection (a) owned individually by a servicemember or jointly by a servicemember and a dependent or dependents.

Section 502 – Rights in public lands.
Section 503 – Desert-land entries.
Section 504 – Mining claims.
Section 505 – Mineral permits and leases.
Section 506 – Protection or defense of rights.
Section 507 – Distribution of information concerning benefits of title.
Section 508 – Land rights of servicemembers.
Section 509 – Regulations.
Section 510 – Income Taxes.
Section 511 – Residence for tax purpose.

(a) RESIDENCE OR DOMICILE- A servicemember

(1) In GENERAL.- A servicemember shall neither lose nor acquire a residence or domicile for purposes of taxation with respect to the person, personal property, or income of the servicemember by reason of being absent or present in any tax jurisdiction of the United States solely in compliance with military orders.

(2) SPOUSES.- A spouse of a service member shall neither lose nor acquire a residence or domicile for purposes of taxation with respect to the person, personal property, or income of the spouse by reason of being absent or present in any tax jurisdiction of the United States solely to be with the servicemember in compliance with the servicemembers's military orders if the residence or domicile, as the case may be, is the same for the servicemember and spouse.

(b) MILITARY SERVICE COMPENSATION- Compensation of a servicemember for military service shall not be deemed to be income for services performed or from sources within a tax jurisdiction of the United States if the servicemember is not a resident or domiciliary of the jurisdiction in which the servicemember is serving in compliance with military orders.

(c) INCOME OF A MILITARY SPOUSE.- Income for services performed by the spouse of a servicemember shall not be deemed to be income for services performed or from sources within a tax jurisdiction of the United States if the spouse is not a resident or domiciliary of the jurisdiction in which the income is earned because the spouse in the jurisdiction solely to be with the servicemember serving in compliance with military orders.

(d) PERSONAL PROPERTY-

(1) RELIEF FROM PERSONAL PROPERTY TAXES- The personal property of a servicemember or the spouse of a servicemember shall not be deemed to be located or present in, or to have a situs for taxation in, the tax jurisdiction in which the servicemember is serving in compliance with military orders.

(2) EXCEPTION FOR PROPERTY WITHIN MEMBER'S DOMICILE OR RESIDENCE- This subsection applies to personal property or its use within any tax jurisdiction other than the servicemember's or the spouse’s domicile or residence.

(3) EXCEPTION FOR PROPERTY USED IN TRADE OR BUSINESS- This section does not prevent taxation by a tax jurisdiction with respect to personal property used in or arising from a trade or business, if it has jurisdiction.

(4) RELATIONSHIP TO LAW OF STATE OF DOMICILE- Eligibility for relief from personal property taxes under this subsection is not contingent on whether or not such taxes are paid to the State of domicile.

(e) INCREASE OF TAX LIABILITY- A tax jurisdiction may not use the military compensation of a nonresident servicemember to increase the tax liability imposed on other income earned by the nonresident servicemember or spouse subject to tax by the jurisdiction.

(f) FEDERAL INDIAN RESERVATIONS- An Indian servicemember whose legal residence or domicile is a Federal Indian reservation shall be taxed by the laws applicable to Federal Indian reservations and not the State where the reservation is located.

(g) DEFINITIONS- For purposes of this section:

(1) PERSONAL PROPERTY- The term `personal property' means intangible and tangible property (including motor vehicles).

(2) TAXATION- The term `taxation' includes licenses, fees, or excises imposed with respect to motor vehicles and their use, if the license, fee, or excise is paid by the servicemember in the servicemember's State of domicile or residence.

(3) TAX JURISDICTION- The term `tax jurisdiction' means a State or a political subdivision of a State.

Material Effect. A central concept in the Servicemembers Civil Relief Act is 'Material Effect'; which means the extent to which the service member's military service has materially affected the particular situation. 'Material Effect' is generally the first question that must be answered by the court prior to final decisions. Two primary 'material effect' patterns come into play…

(1) The service member's ability to protect his rights, and
*(2) The service member's ability to meet financial obligation*s.

Ad valorem tax, generally. The host state may not impose an ad valorem tax on the nonbusiness personal property of nonresident service members. The right to impose this tax is reserved to the home state. Whether the home state has such a tax or enforces it with regard to service members is of no concern to the host state. The Act's prohibition of taxes of this type is absolute.

Personal property may include, but not be limited to, boats, airplanes, mobile homes, motor vehicles, heavy equipment, furniture, fixtures, machinery, and equipment.

Mobile homes. If the host state treats a mobile home as tangible nonbusiness personal property, the mobile home has the same protection as a motor vehicle or any other such property with regard to ad valorem taxes imposed by the host state. If the law of the host state also classifies the mobile home as a motor vehicle, registration with its accompanying license, fee, or excise may be imposed if the service member has not complied with the registration requirements of his home state. The same restrictions prohibiting the state from imposing an ad valorem tax in the form of a license, fee, or excise also apply. By making certain modifications to a mobile home, such as removing wheels or installing plumbing and electrical connections, an owner may make the mobile home relatively affixed to the land. In some states, the mobile home may then be treated as a piece of real property. However, state labels are not conclusive. In United States v. Chester Co. Bd of Assess, the court determined that the scope of the Act raises a federal question which does not depend on the "diverse interpretations by the several states.

Motor vehicles. The motor vehicle may fit into two categories. First, as a piece of tangible non-business property it is exempt from ad valorem taxes regardless of the authority or desire of the host state to tax it. Second, as a machine that moves on the streets and highways of the host state, it is subject to the police power of the host state. A state may exercise its police power to require a service member to register a vehicle in its jurisdiction if, and only if, the service member has not registered the vehicle in the home state. Where the registration fee or license may properly be exacted by the host state, any portion assessed as revenue need not be paid.

DOR Regulation 560-11-30-.13.

EVALUATION OF CLAIMS OF EXEMPTION
The appraisal staff shall carefully examine all claims for exemption. An exemption application should request business organizational structure (corporation, partnership, sole proprietor), financial and other documents that clearly demonstrate that the property owner meets the requirements established by the exemption. The burden of proving a tax exemption is on the party seeking the exemption. Taxation is the rule; exemption from taxation is the exception *(Thomas v. Northeast Ga. Council, Inc, BSA, 241 Ga. 291, 244 S.E.2d 842 (1978)).*

Once an exemption is granted, the appraisal staff should establish a periodic review of all properties exempted from taxation. The passage of time may change the nature of the business enterprise, causing them to no longer qualify.

48-5-263. Qualifications, duties, and compensation of appraisers

(b) Duties. Each member of the county property appraisal staff shall:

(4) Prepare annual appraisals on all tax-exempt property in the county and submit the appraisals to the county board of tax assessors;

The BTA has the authority to approve or deny an exemption!

Review

Complete the chart below by entering whether the personal property is taxable or exempt.

Personal Property	Taxable or Exempt
Self-propelled farm equipment owned by a dealer as inventory	
Aircraft owned by a dealer as inventory	
Watercraft owned by a dealer as inventory	
Heavy duty equipment motor vehicle owned in this state by a natural person or other entity	
Heavy duty equipment owned by a dealer and rented to a customer	
Personal property used exclusively on state projects in county where business headquarters is located	
Personal property used on state and private projects in county where business headquarters is located	
Personal property used on state and private projects in a county where the business headquarters is not located	
Veterans Administration Personal Property	
Federal Land Banks Personal Property	
Federal Credit Unions Personal Property	
Federal Intermediate Credit Banks Personal Property	
Federal Housing Authority Personal Property	
Production Credit Association Personal Property	
HUD Personal Property	
Government National Mortgage Association Personal Property	
Federal National Mortgage Association Personal Property	
Motor vehicle owned and held by GA dealers for retail sale	
Mobile homes owned and held by GA dealers for retail sale	
Personal property of servicemember or spouse located in the county of military orders	
Personal property of servicemember or spouse located in the county of domicile or residence	
Personal property of servicemember or spouse used in trade or business	

Rule 560-11-10-.2-.08(1)(d)

(d) Tax situs. The appraisal staff shall inquire into the proper tax situs of personal property before preparing the proposed assessment to ensure that the property owner is made subject to only those taxes that may legally be levied. The tax situs inquiry shall be sufficiently specific to determine whether the property is subject to tax by each of the authorities authorized to levy taxes in the county.

Situs is the location of property for taxation purposes. It can sometimes be difficult to determine when dealing with transitory personal property such as boats and airplanes. On the other hand, stationary property that is more or less permanently located at a business premise is subject to taxation where located. There are several Code Sections that addresses situs.

a. O.C.G.A. 48-5-11 Situs for Returns by Residents

Rule 560-11-10-.2-.08(1)(d)1.(i)

(i) Tax situs of personal property of Georgia residents. The appraisal staff shall consider the tax situs of personal property owned by a Georgia resident as being the domicile of the owner unless such property has acquired a business situs elsewhere. The appraisal staff shall consider the tax situs of personal property owned by a Georgia resident and used in connection with a business as being the location of the business. In making the determination of tax situs, the appraisal staff shall consider such factors as the principal location of the personal property, the base from which its operations normally originate and whether the personal property is connected with some business enterprise that is situated more or less permanently in the county, as distinguished from an enterprise whose location is merely transitory or temporary. When personal property used in connection with a business is moved about in such a manner that it is not predominantly located during the year in one place, the appraisal staff shall consider the headquarters of the business as the tax situs.

1965-66 Op. Atty Gen No. 65-104: Personal property is generally subject to taxation in county where owner resides on January 1 of the year, unless the property is connected with some trade or business which is situated more or less permanently in another county.

b. O.C.G.A. 48-5-12 Situs for Returns by Nonresidents

Rule 560-11-10-.2-.08(1)(d)1.(ii)

(ii) Tax situs of personal property of non-residents. The appraisal staff shall consider the tax situs of personal property owned by non-residents as being where the property is located. The appraisal staff shall recommend to the board of tax assessors a "no tax situs" status for any personal property owned by a nonresident who does not maintain a place of business in Georgia and who gives the personal property to a commercial printer in Georgia for printing services to be performed in Georgia.

c. O.C.G.A. 48-5-16 Return of Tangible Personal Property in County where Business Conducted (reference Georgia Residents Rule)

Transitory Property

Joiner v. Pennington, 143 Ga. 438,85 S.E. 318 (1915).

A portable sawmill (or other tangible personal property) is not subject to taxation in a county where it is temporarily located on the land of another, the owner of a sawmill living in a different county and returning the same for taxation as personal property together with other property in the county of his residence.

O'Neal v. Whitley, 177 Ga. 491, 170 S.E. 376 (1933).

Where taxpayer is engaged in business (here, as paving contractor) in different parts of state, such business being conducted from a single office located in same city and county where taxpayer resides, and in connection with such business owns and operates machinery and equipment which was kept in other parts of the state subject to removal at any time according for ad valorem tax purposes is at the residence and domicile of the owner.

Collins v. Mills, 198 Ga. 18, 30 S.E.2d 866 (1994), see 7 Ga. B.J. 357 (1945).

Personal Property is ordinarily taxable in the county where the owner resides; and in order for it to acquire a situs for taxation in some other county, it must be connected with some business enterprise that is situated more or less permanently in a different county as distinguished from an enterprise whose location is merely transitory or temporary.

d. O.C.G.A. 48-5-16(d)(1) Return of Boats

Rule 560-11-10-.2-.08(1)(d)2.

2. Tax situs of boats. In accordance with Code section 48-5-16 (d), the appraisal staff shall consider the tax situs of a boat to be the tax district wherein lies the domicile of the owner, even when the boat is located within another tax district in the county. When the boat is functionally located for recreational or convenience purposes for 184 days or more in a county other than where the owner is domiciled, the appraisal staff shall consider the tax situs of the boat to be where it is functionally located.

e. O.C.G.A. 48-5-16(e)(1) Return of Aircraft

Rule 560-11-10-.2-.08(1)(d)3.

3. Tax situs of aircraft. In accordance with Code section 48-5-16 (e), the appraisal staff shall consider the tax situs of an aircraft to be the tax district wherein lies the domicile of the owner, even when the aircraft is located within another tax district in the county. When the aircraft's primary home base is in a county other than where the owner is domiciled, the appraisal staff shall consider the tax situs of the aircraft to be where it is principally hangered or tied down and out of which its flights normally originate.

f. O.C.G.A. 48-5-2(4), (A), (B) & 48-5-5 Foreign Merchandise in Transit

Rule 560-11-10-.2-.08(1)(d)4.

4. Tax situs of foreign merchandise in transit. The appraisal staff shall recommend to the board of tax assessors a "no tax situs" status for foreign merchandise that is in transit through this state. The recommendation of "no tax situs" shall be made regardless of the fact that while the foreign merchandise is in the warehouse it is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled, or repackaged. The grant of "no tax situs" status shall be liberally construed. In deciding whether goods are foreign, the appraisal staff shall determine if the point of origin is a non-domestic shipping port. In deciding whether goods are in transit, the appraisal staff shall consider whether the interruption in the transport of the goods may be characterized as having a business purpose or advantage, rather than just being an incidental interruption in the continuity of transit.

Defining the purpose and function of the appraisal

The purpose of all appraisals is to estimate value and the intended use of most appraisals performed by assessors is to serve as a basis for property taxation.

Rule 560-11-10-.2-.08(5)

(5) Valuation Procedures. The appraisal staff shall follow the provisions of this paragraph when performing their appraisals. Irrespective of the valuation approach used, the final results of any appraisal of personal property by the appraisal staff shall in all instances conform to the definition of fair market value in Code section 48-5-2 and this Rule.

Specifying the date of the appraisal

The statutory date of valuation is January 1.

Rule 560-11-10-.2-.08(1)(b)

(b) Assessment date. Code section 48-5-10 provides that each return by a property owner shall be for property held and subject to taxation on January 1 of the tax year. The appraisal staff shall base their decisions regarding the taxability, tax situs, uniform assessment, and valuation of personal property on the circumstances of such property on January 1 of the tax year for which the assessment is being prepared. When personal property is transferred to a new owner or converted to a new use, the circumstances of such property on January 1 shall nevertheless be considered as controlling.

Defining the type of value to be estimated

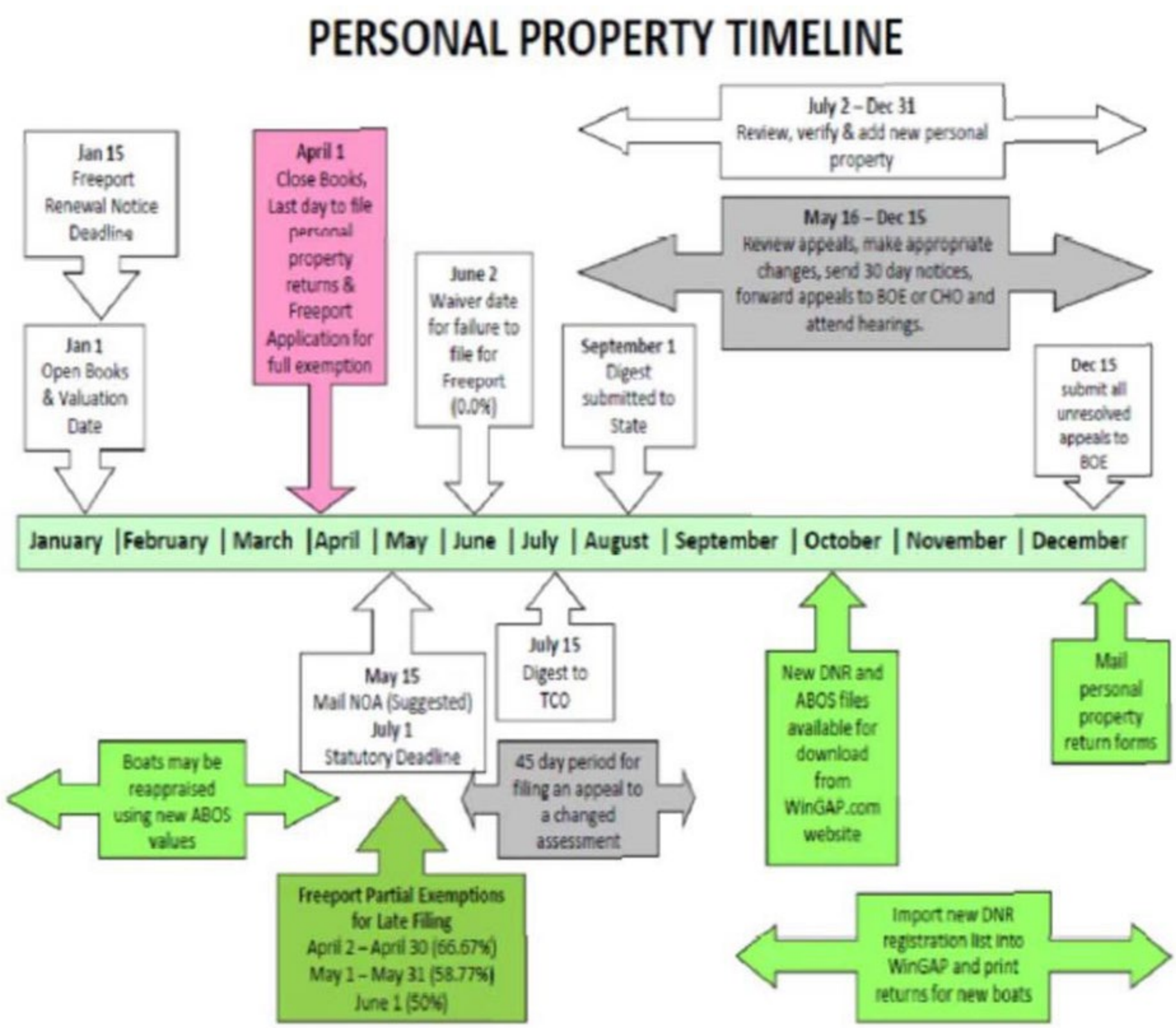
The value sought after by the county board of tax assessors is fair market value.

Rule 560-11-10-.2-.08(6)

(6) Final estimate of fair market value. After completing all calculations, considering the information supplied by the property owner, and considering the reliability of sales, cost, income and expense information, the appraiser will correlate any values indicated by those approaches to value that are deemed to have been appropriate for the subject property and form their opinion of the fair market value. The appraisal staff shall present the resulting proposed assessment, along with all supporting documentation, to the board of tax assessors for an assessment to be made by that board.

Preliminary Survey and Appraisal Plan

The personal property tax digest is a constantly changing on an annual basis with businesses opening and closing, acquisitions and disposals of assets, appreciation and depreciation of assets to name a few changes. A review of the prior year's digest should provide ample information in order for the personal property staff to develop an appraisal plan to complete the current year's digest in a timely fashion. Preparation for the current year's digest should begin the day after the notices of assessments are mailed. Below is a recommended timeline to follow to ensure certain statutory deadlines are met.



Date	Action	Applicable Code Section
Prior to December 31	Distribute PT50P forms	N/A
January 1	Date of Valuation; TCO shall open books for the return of personal property & Freeport exemption	O.C.G.A 48-5-10; O.C.G.A. 48-5-18; O.C.G.A. 48-5-48.1(a)
January 15	Mail FP apps by U.S. Mail	O.C.G.A 48-5-48.1 (e)
January – May (Suggested)	Boats reappraised using new ABOS values	N/A
April 1	TCO shall close books for the return of personal property & Freeport Application for 100% exemption	O.C.G.A. 48-5-18; O.C.G.A. 48-5-48.1(a)
April 2 – April 30	Freeport Partial Exemption for Late Filing (66.67%)	O.C.G.A. 48-5-48.1(c)(2)(B)
May 1 – May 31	Freeport Partial Exemption for Late Filing (58.77%)	O.C.G.A. 48-5-48.1(c)(2)(B)
May 15 (Suggested)	Mail NOA changes; Statutory Deadline July 1	O.C.G.A. 48-5-306(a); O.C.G.A 48-5-306(b)(3)
May 16 – June 30 (Suggested)	Appeal Acceptance Period	O.C.G.A. 48-5-311 (e)(2)(A)
May 16 – December 15 (Suggested)	Review Appeals, Make Appropriate Changes, Send 30 Day Notices, Forward Appeals to BOE and Attend Hearings	O.C.G.A. 48-5-311(e)(2)(A-C)
June 1	Freeport Partial Exemption for Late Filing (50%)	O.C.G.A. 48-5-48.1(c)(2)(B)
June 2	Freeport Exemption Waiver Date (0.0%)	O.C.G.A. 48-5-48.1(c)(2)(B)
July 15	Complete Revision and Assessment of Returns and turnover to TCO	O.C.G.A. 48-5-302
September 1	Digest Completed and Submitted to State	O.C.G.A. 48-5-205(a)
August 2 – December 31 (Suggested)	Review, Verify and Add New Personal Property Accounts	N/A
October (Suggested)	New DNR Boat Registration & ABOS Schedules available for download from WinGAP.com website	N/A
October – December (Suggested)	Import New DNR Registration List into WinGAP and print returns for new boats	N/A
December 15	All Unresolved Appeals to BOE	N/A

Data Collection and analysis

The most important tool in the appraisal of tangible personal property is the return and applicable schedules. Uniform tangible personal property forms are used for all 159 counties.

O.C.G.A. 48-5-105.1 Uniform tangible personal property tax forms.
The commissioner shall adopt by rule, subject to Chapter 13 of Title 50, the "Georgia Administrative Procedure Act," an appropriate form or forms for use on a uniform basis throughout the state for the return of tangible personal property.

All returns of tangible personal property shall be made pursuant to the form or forms adopted by the commissioner pursuant to subsection (a) of this Code section.

The commissioner shall furnish each appropriate local tax official a sufficient number of the forms adopted pursuant to this Code section to take the returns of the taxpayers of his county.

In the content of the form adopted pursuant to subsection (a) of this Code section, nothing shall be included that would take from the county boards of tax assessors the authority to see that all taxable property within the county is assessed and returned at fair market value.

Important guidelines to follow upon the receipt of returns:

- Returns should be stamped with a date and initialed by a member of the appraisal staff.
- Envelopes should be retained for returns postmarked after the due date; the postmark is the primary evidence of late filing.
- General Information should be reviewed to check for changes in mailing address, situs, name and dba (“doing business as”).
- Appropriate NAICS (North American Industrial Classification System) codes should be applied to business personal property accounts. NAICS collects, analyzes and publish statistical data on a national level and assign codes to a type of business. NAICS codes are used to identify and describe a specific type of business. These codes are significant in aiding the appraiser to assess similar businesses that fail to file a return.

Website: http://www.census.gov/eos/www/naics/

NAICS Codes	Description of Business
444110	Home Centers
444120	Paint and Wallpaper Stores
444130	Hardware Stores
445110	Supermarkets and Other Grocery (except convenience) Stores

Depending on the type of personal property being appraised, certain data is requested from the taxpayer and others can be accessed through third party organizations which can be very beneficial to the appraisal staff. The data obtained can be divided into three categories:

1.) **General data** includes trends that affect value and may occur on a national, regional, and neighborhood levels.

2.) **Specific data** includes information concerning the personal property being appraised such as age, condition, shape, type, model, life, uses, production levels, etc.

3.) **Comparative data** includes recent sales, cost, and income information concerning the subject property type.

Some examples of specific data are listed below.

Personal Property	**Specific Data**	
Inventory	Balance Sheet	Used to verify inventory value listed on the PP return
Machinery, Equipment, Fixtures, Furniture (MEFF)	Depreciation Schedule	• Equipment description • Original Cost • Year Acquired
	Chart of Accounts	A listing of the business' **assets**, liabilities, equity, revenue, gain, **expense** and loss accounts.
Boats & Motors	DNR Boat Registration	• Registration Number • Hull Material • Propulsion • Use • Boat Type • Fuel Type • Boat Class
Aircraft	FAA Registry	• N_Number (Tail #) • Serial Number • Manu Name & Year • Model • Registration Type (Individual, Partnership, Corporation, Co-Owner, Government, Other)

There are two different procedures utilized to gather and evaluate basic specific data necessary for an appraisal of personal property:

(1) The Audit Appraisal Method
(2) The Physical Appraisal Method

The Audit Appraisal Method

The audit appraisal method is based on principles of accounting, the accounting concept of value, and the accounting treatment of equipment. The audit appraisal method does NOT, however automatically accept the final values, or final "book" values, presented by the accountant or reported on a company's records.

In virtually all cases, the book values found in a company's records will be a reflection of historical costs which are subsequently reduced by allowances for depreciation. In a business, the amount taken for depreciation is heavily influenced by such factors as the allocation of costs (i.e., capital expenditures for the purchase of equipment) over a series of accounting periods in order to match expenses with revenues, and income tax advantages gained by accelerated depreciation allowances.

It will therefore be extremely unusual--except possibly in the case of brand-new equipment in the year of its acquisition--for the depreciated book values of equipment and fixtures to be acceptable as representing fair market value for property tax purposes.

But even though the final book values found in a company's records may be of little consequence in arriving at acceptable market values, utilization of the audit appraisal method in many cases will yield the appraiser a greater quantity of more useful and accurate information in a shorter period of time than if the physical appraisal method were used in its place.

From the depreciation schedule can be obtained a description of the equipment, its original cost, and the year of acquisition. If the equipment is lumped together and therefore not sufficiently broken down or itemized, and more detailed specifics are needed for the appraisal, then it may be necessary for the appraiser to check the "back-up" records of the business (worksheets, ledgers, journal, etc.) document what the final figures on the depreciation to schedule are supposed to represent.

It will also be necessary to be on guard for fully depreciated items (Section 179 assets), still in use, which may no longer be presented on the depreciation schedule. An additional inquiry may be made to determine whether any of the usually less significant items may have been recorded as expenses and not entered on the books of the business as part of the equipment account.

What is the Section 179 Deduction?

Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that if you buy (or lease) a piece of qualifying equipment, you can deduct the FULL PURCHASE PRICE from your gross income. It's an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves. Section 179 does come with limits - there are caps to the total amount written off ($500,000 for 2015), and limits to the total amount of the equipment purchased ($2,000,000 in 2015). The deduction begins to phase out dollar-for-dollar after $2,000,000 is spent by a given business.

Another problem which may present itself to the appraiser in examining cost figures on a depreciation schedule or elsewhere is whether the original "cost" as reported represents the full consideration given for an item or whether it is exclusive of the exchange value of an item "traded in" for the new item. Both the experience and judgment of the appraiser will enable him, or her, to spot such likely occurrences when "cost" or acquisition figures appear questionable.

Once the appraiser has in hand the two basic pieces of information to be derived from the accounting records of the taxpayer - the acquisition cost and date of acquisition, then it should be a relatively easy process to establish an estimate of current replacement cost by reference to a valid set of cost index factors, and then allow for depreciation.

The Physical Appraisal Method

Particularly in those cases where appropriate records of a business are unavailable for whatever reason, non-existent, or relatively useless due to frequent transfers in ownership having distorted original "costs," the physical appraisal method of collecting appraisal data may be the most useful.

The physical appraisal method requires an on-site relatively detailed inspection of the business. All major items of equipment should be individually listed with an adequate description including quantity, make, model, size, capacity, age, grade, condition, type of construction (material), etc. Minor or miscellaneous, items should be lumped together. Replacement costs should be estimated by recourse to whatever market or other data may best indicate this information. Depreciation may be estimated according to the age and condition (and perhaps functional utility) of the equipment.

If one advantage of the audit appraisal method is the fact that it is less time consuming, it can also be said that it does not allow the same advantages as the physical appraisal method for the appraiser to view the equipment and thereby form an opinion as to its actual physical condition.

Two commonly used methods of comparison are the square foot method and the site method.

Herein lies the importance of applying the appropriate NAICS code to business accounts. Accounts with the same NAICS can be compared to develop a value to be put on the digest that will be fair, equitable and very defendable when a business fails to make a return. Failure to use NAICS codes will require the appraiser to search through more paperwork and make decisions that could (should) have been made previously.

Two Methods of Comparison

1.) **Square Foot Method:** This method involves the comparison of values per square foot of building space for two or more similar business.

Example: You have determined the values for the personal property of a large grocery store (NAICS Code 445110). Subject values were:

Inventory	$210,782
Fixtures	$42,145
Equipment	15,874

The grocery store has 21,000 square feet of usable space (found on the real property record card) Which results in a square foot value of:

Inventory	$210,782/21,000 =	$10.04 per sq. ft.
Fixtures	$42,145/21,000 =	$ 2.01 per sq. ft.
Equipment	$15,874/21,000 =	$ 0.76 per sq. ft.

A comparison can then be made with the square foot values of personal property of similar grocery stores (NAICS Code 445110).

	Bldg. sqft.	$Inv/sqft.	$Fixt/sqft.	$Equip/sqft.
Store 1	24,000	9.72	1.87	0.71
Store 2	18,750	11.14	2.70	1.01
Store 3	20,000	10.57	2.40	0.83
Subject	**21,000**	**10.04**	**2.01**	**0.76**

Does the subject property's value closely follow the square foot values of other similar properties? Yes or No. Why?
The appraiser can use the average square foot values for any similar businesses like Auto Parts Stores, Convenience Stores, Similar Manufacturing Plants, Offices, Banks, Sporting Goods Stores, Specialty Shops, and Restaurants.

Problem #1

Ty One On Liquor Store

Square footage of building is 3,000 square feet as determined from the property record card.
Property Values determined from return are:

Inventory	$72,840
Fixtures	$3,530
Equipment	$8,210

1. What NAICS Code would this business have?

   a. 445130 Package Store (i.e. Liquor Store)
   b. 445110 Supermarkets and Other Grocery Stores (except convenience) Stores
   c. 446110 Pharmacies and Drug Stores
   d. 446130 Optical Goods Stores

2. What are the square foot values for:

Inventory:

Fixtures:

Equipment:

3. How do these values compare with other businesses with the same NAICS code?

	$Inventory/Sq Ft	**$Fixtures/Sq Ft**	**$Equipment/Sq Ft**
#1	25.10	1.30	2.80
#2	23.14	0.98	2.43
#3	21.79	0.79	2.12

4. If a business with a similar NAICS failed to make a return, what values would you place on the account?

Problem #2

Slightly Warm Auto Parts

The square footage of the building is 4,400 square foot as determined from the property record card.

Property values determined from the return are:

Inventory: $114,792
Fixtures: $8,410
Equipment $3,830

1. What NAICS Code would this business have?

a. 441319 Automotive Parts and Accessories Stores
b. 336310 Motor Vehicle Gasoline Engine and Engine Parts Manufacturing
c. 441110 New Car Dealers
d. 441120 Used Car Dealers

2. What are the square foot values for:

Inventory:

Fixtures:

Equipment:

3. How do these values compare with other businesses with the same NAICS Codes?

	$Inventory/Sq Ft	$Fixture/Sq Ft	$Equipment/Sq Ft
#1	27.50	1.97	2.04
#2	25.92	1.94	1.94
#3	26.12	2.08	2.18

4. What are some of the reasons that could account for a non-comparable value?

2.) Site Method: This method of comparison requires more knowledge about the subject property and those comparable properties. The comparisons are made as a whole instead of a square foot basis.

Example: Let's say you have a strip shopping center in your county. Within the shopping center are four dress shops.

The four dress shops are of comparable size because the center only has two sizes of space available for lease (large vs. small). The shops also sell very comparable merchandise. A comparison of personal property values is then made.

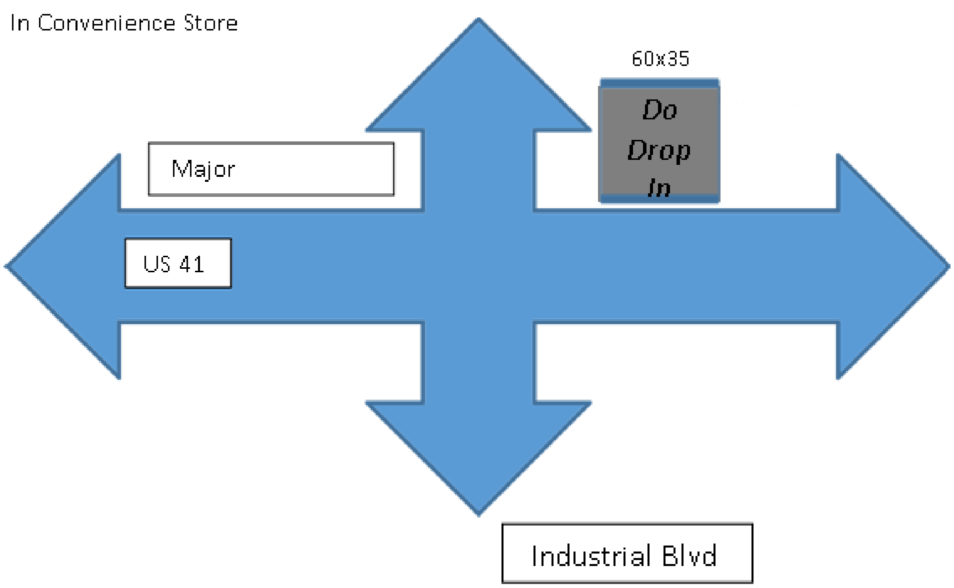
	$ Inventory	$ Fixtures	$ Equipment
Store #1	24,890	1,430	810
Store #2	25,700	1,290	850
Store #3	23,410	1,140	780
Store #4	24,200	1,500	790

The intent of this type of comparison is to determine the uniformity of values between comparable businesses in similar locations. The appraiser should find the values of the dress shops in the previously mentioned strip shopping center very close to the values of the dress shops located in another strip shopping center which is across town if the shopping centers are enough alike.

This site method of comparison should be used to compare only those businesses with very similar locations.

Problem #3

Do Drop In Convenience Store



The above new business did not make a tax return for the current year.

Given: Location Grades:
1. Major Intersection
2. Minor Intersection
3. Remote

	$Inventory	$Fixtures	$Equipment	Location
Store #1	$18,000	$1,000	$3,500	3
Store #2	$40,250	$12,350	$21,300	1
Store #3	$41,500	$11,890	$18,700	1
Store #4	$29,800	$6,200	$14,100	2
Store #5	$39,750	$10,950	$19,200	1

What would be an appropriate value for this store?

Application of Data

There are three generally accepted approaches to value: cost, market and income. The approaches are not equally useful in the valuation of all properties, but the appraisal shall consider all three in the appraisal of personal property. The appraiser must choose the approach that provides the best result. The appraiser should ask themselves these questions:

- Which approach is most appropriate for my subject property?
- Do I have adequate data to perform this approach of valuation?
- Does this approach best reflect what is actually happening in the market?

The degree of dependence on any one approach will change with the availability of reliable data and type of property being appraised. Irrespective of the valuation approach used, the final results of any appraisal of personal property shall conform to the definition of fair market value in Code section 48-5-2 (Rule 560-11-10-0.2-.08). The judicial decisions below reiterate that no particular method is mandated but only that the valuations be uniform according to the Georgia Constitution and fair and equal among taxpayers.

Judicial Decisions & Attorney General Opinion

Dougherty County Board of Tax Assessors v. Burt Realty Co., 250 Ga. 467, US 103 S.C. 3540, (1983).
Utilizing of different methods for determining fair market value for purposes of taxation creates no infirmity under the U.S. Constitution or under the State Constitution or laws.

Rogers v. DeKalb County Board of Tax Assessors, 247 Ga. 726, (1981).
Fair market value is the objective of any tax appraisal. Different methods (cost, market, income) may be used for different properties where the various methods used provide the "best information available" for the types of property to which they are applied, so long as the objective of fair market value is obtained. Uniformity does not require the same appraisal method on all properties. It is the result which controls the methods, and not vice versa.

1963-65 Opinion Attorney General pg. 113;
Tax Commissioner may legitimately inquire into the cost, depreciation, age, and use of property which is subject to taxation for purposes of investigating its fair market value. This does not mean that the property is to be returned or assessed for taxation at other than its fair market value; nor does it mean property should be assessed at book value rather than fair market value, although in many cases, fair market value may, in fact, be identical with book value.

Rule 560-11-10-0.2-.08(5)(a)

2. Selection of approach. With respect to machinery, equipment, personal fixtures, and trade fixtures, the appraisal staff shall use the sales comparison approach to arrive at the fair market value when there is a ready market for such property. When no ready market exists, the appraiser shall next determine a basic cost approach value. When the appraiser determines that the basic cost approach value does not adequately reflect the physical deterioration, functional or economic obsolescence, or otherwise is not representative of fair market value, they shall apply the approach or combination of approaches to value that, in their judgment, results in the best estimate of fair market value. All adjustments to the basic cost approach shall be documented to the board of tax assessors.

Sales Comparison Approach

As in all appraisals, if reliable market or sales data is available, then the market approach also known as the sales comparison approach will usually give the best indication of value. The market approach adjusts the sales price of comparable properties to estimate the value of the subject property being appraised or in determining a loss in value from the original cost. The market approach is based on the economic principle of substitution. The principle of substitution suggests a reasonable purchaser will pay no more for a property than the cost of acquiring an equally desirable and valuable alternate property. In the case of personal property, assets with similar utility and productivity are used.

Rules of Thumb for utilization of the Market Approach:

1. The subject property is the property being appraised.
2. Adjustments are made to the comparable properties (never the subject property).
3. Adjustments should be made first for finance (may not be necessary in appraising personal property) then time. Other adjustments do not permit a particular order: location, physical condition, productivity rating, use (hours used), age, size or capacity, model or style, other factors.

With regard to adjustments for time of sale, they are frequently the reverse of those normally found in real estate – sales occurring prior to the valuation date will generally require a negative (less than 100 percent) adjustment and those occurring after the valuation date will likely require a positive (greater than 100 percent) time adjustment. This is not always the case, but it is especially true when valuing computerized equipment due to technological advancements and global competitions.

Financing. Adjust the sale price of the subject property for non-conventional financing.

Time of sale. Adjust the sale price of the subject property for the date of sale in order to estimate the value as of the January 1 assessment date.

Discounts. Adjust the sale price to remove trade and cash discounts.

Comparability. Adjust the sale price of the subject property for characteristics of the subject not found in the sales to which it is being compared, such as condition, use, and extra or missing features.

Do **NOT AVERAGE** the comparable properties. The comparable with the least number/count (not dollar amount) of adjustments is chosen to represent the subject property. Time adjustment is not included in the count.

Other factors. To finalize the sales comparison approach, the appraiser shall consider any other factors, appropriate to the approach, which may be affecting the value. When the comparative sales approach is used as the basis for the appraisal of personal property, the appraiser shall not make further adjustments to the value to reflect economic obsolescence, functional obsolescence, or inflation.

Value in use concept:

If value in exchange sales are used, adjustments to the final estimate of value should be made to account for installation and other cost not reflected in the value in exchange transactions. Attempting to equate machinery sold as a commodity with machinery installed and in use can lead to an invalid comparison. If the appraiser is attempting to come to an estimate of value in use then the comparable sales must be value in use or adjustments should be made to bring value in exchange sales to value in use.

Sales Comparison Approach Example

An appraiser has chosen the market approach as the appropriate method to determine the fair market value for assembly line equipment. The subject property output is 12,000 units per day. Comparable equipment selling price and units of production are as follows:

	Selling Price	Units of Production	Selling Price Per Unit
Sale 1	$375,000	15,000/day	$25.00
Sale 2	$320,000	12,750/day	$25.10
Sale 3	$412,000	16,500/day	$24.97

Estimation of subject property value:

12,000 x $25.00 per unit = $300,000 indicated selling price

Plus installation costs +25,000

Market value: $325,000

Unfortunately, market or sales data is not readily available for many types of personal property specifically business machinery and equipment, furniture and fixtures, and leased equipment. Business equipment is not normally purchased for resale but as a means to produce income for the business. Sales that do occur maybe be due to liquidation of a business.

Liquidation sales. The appraisal staff should recognize that those liquidation sales that do not represent the way personal property is normally bought and sold may not be representative of a ready market. For such sales, the appraisal staff should consider the structure of the sale, its participants, the purchasers, and other salient facts surrounding the sale. After considering this information, the appraisal staff may disregard a sale in its entirety, adjust it to the appropriate level of trade, or accept it at face value.

Rule 560-11-10-0.2-.08(5)(e)
1. Widely used pricing guides. The appraisal staff should make a reasonable effort to obtain and use generally accepted pricing guides that are published and widely used within the market. When using such a guide to estimate the comparative sales approach value, the appraiser shall begin with the listed retail price and then make any value adjustments as provided in the guide instructions, based on the best information available about the subject property being appraised.

The market approach is commonly used with boats, motors, and aircraft. These types of personal property normally have an active secondary market and published pricing guides to appraise the subject property.

Several market guides are available to assist the appraiser in valuing boats and motors:

1. Anderson Bugg Outboard Service (A.B.O.S.) Marine and Boat Blue Book
2. National Automotive Dealers Association (N.A.D.A.) Marine Appraisal Guide
3. BUC Used Boat Pricing Guide

These pricing guides are available either online, in CD format or as a book. Values can be obtained for new and used power boats, sailboats, personal watercraft, outboard motors and boat trailers. The information should be obtained from the PT-50M form to value the boat and motor: boat type, manufacturer, year built, model, engine horsepower, hull, feet/inch.

Also, since this involves a change in value, the Board of Assessors should approve the download and schedule modifications before updating the pricing schedule. Another subject of concern regarding the valuation of marine property is the inclusion of the boat trailer in the price of the boat and motor also known as combination or package price. Boat trailer values can also be found in the pricing guides and must be extracted from the package price due to the trailer being taxed as a motor vehicle (tagged). This can be done by entering the value of the trailer in the CAMA system field labeled Boat Trailer Value.

BRAND	YEAR	MODEL
Tahiti/Caribbean	2003	Q4 Runabout W/150 Opti w/trlr
Tahoe Boats	2004	Q4 Runabout W/90ELPT Opti w/trlr
Tahoe by Tracker Marine	2005	Q4SF Ski/Fish W/150 Opti w/trlr

All the necessary data has been selected to value the boat, now which value does the appraiser use to value the marine property? As stated in Rule 560-11-10-0.2-.08(5)(e), "the appraiser shall begin with the listed retail price and then make any value adjustments as provided in the guide instructions." There are four pricing schedules available:

1. Manufacturer Suggested Retail Price (M.S.R.P.) – new excluding shipping charges and options.
2. Low and High Value – wholesale (trade-in) value estimates. A percentage of code is generally used as the estimated loan value.
3. Code Value - estimated average resale or retail price.

Model	Length Overall Ft & In.	Beam In.	Boat Type	Net Wt. Lbs.	Engine Type	Engine H.P.	Hull Ma-Terial	Original M.S.R.P.	Estimated Avg. Trade-In Value Less Repairs Low	Estimated Avg. Trade-In Value Less Repairs High	Code
Chaparral Boats											
					2002						
Signature Cruisers											
240	23'11"	8'6"	CR	5380	IO	220	Fbg.	51126	31700	33800	HA40900RV
240	23'11"	8'6"	CR	5380	IO	320	Fbg.	58731	36500	38800	HA47000RV
260	25'7"	8'6"	CR	5977	IO	250	Fbg.	62661	38900	41400	HA50100RV
260	25'7"	8'6"	CR	5977	IO	320	Fbg.	69124	42900	45700	HA55300RV

Do not mix pricing schedules when valuing boats and motors. Uniformity is not present when schedules are intertwined. Also, verify that the correct pricing schedule (i.e. Retail) is being used in the CAMA system.

If using the retail price pay special attention to the condition. The retail price is for a boat in average-good condition. <u>Adjustments should be made for units in better or worse condition than published values</u>. Normally, boats not in dealer inventory are probably going to need some cleaning and/or maintenance performed to meet the description for this condition.

CONDITION ADJUSTMENT

Condition	Description	Adjustment to Published Prices
Excellent	New Condition—loaded with options. No evidence of wear. Size, type of boat in demand.	Add 16 to 25%
Very Good	Well above average—low hours. Clean, properly maintained. No mechanical or cosmetic repairs needed. Maintenance schedules strictly adhered to. Equipped with extra cost electronics. Type of boat in demand.	Add 10 to 15%
Good-Average	Clean, saleable condition, attractive inside and out. Mechanically sound, mid-time on mechanicals. No repairs necessary.	As published. No adjustments
Fair	Areas worn and faded even after cleanup. Some scratches and chips in paint evident. Mechanically sound but on downside of life expectancy.	Subtract 10 to 25%
Rough	Boat needs significant amount of repair, both cosmetic and mechanical. Corrosion, dents, cracks, tears evident. Cost of repairs may exceed market value. Deep-six for fish habitat.	Subtract 26 to 100%

A section on the marine personal property return asks the property owner "If there is anything functionally wrong with the boat and motor?"

Is there anything functionally wrong with your boat and motor? Yes( ) No( ). If yes, please provide the Board of Assessors with documentation in order for them to make a proper assessment.

Documentation (i.e. photograph with repair bill and/or estimate of repair from mechanic) should be provided along with the return in order for condition to be manually changed to the boat or motor by the appraiser.

When manufacturer or model is unknown for a boat or motor, either flag for a review/audit or follow the procedures below:

- Known manufacturer and unknown model (boat) – select the first model entry in CAMA schedule until correct model is returned by the taxpayer.
- Manufacturer unknown boat and/or motor – use an average values section in ABOS

- Manufacturer unknown motor and requires a motor for navigation – use maximum horsepower as recommended by manufacturer. Also, conduct field review/inspection.

Always be uniform in used methodologies and seek approval from BTA

Rules on using lesser-known pricing guides:

2. Lesser-known pricing guides. The property owner may submit, and the appraisal staff shall consider, lesser known publications, periodicals and price lists of the specific types of personal property being returned. Such lists should be regularly consulted by buyers of the type personal property reported, and should list prices at which sellers, who regularly deal in the types of property reported, typically offer such property for sale.

(i) Validation of lesser pricing guides. In all cases where unpublished, unrecognized, or unverified sales data are submitted by the property owner, the steps the appraiser may take to validate such data include, but are not limited to, the following:

(I) Arm's length transactions. as defined in OCGA 48-5-2(.1): "'Arm's length, bona fide sale' means a transaction which has occurred in good faith without fraud or deceit carried out by unrelated or unaffiliated parties, as by a willing buyer and a willing seller, each acting in his or her own self- interest, including but not limited to a distress sale, short sale, bank sale, or sale at public auction." Transactions where the lien holder receives or repossesses the property, and deed under power of sale transactions are not to be applied as an arm's length transaction.

(II) Representativeness. Verify that the sales data submitted is either all-inclusive or has been randomly selected, so as to be unbiased and fairly represent the market for the personal property being appraised. This may be accomplished by contacting known dealers of the subject personal property to determine whether other significant market data exists that supports the data submitted by the property owner.

(III) Financing. Adjust the sale price of the subject property for non-conventional financing.

(IV) Time of sale. Adjust the sale price of the subject property for the date of sale in order to estimate the value as of the January 1 assessment date.

(V) **Discounts.** Adjust the sale price to remove trade and cash discounts.

(VI) **Comparability.** Adjust the sale price of the subject property for characteristics of the subject not found in the sales to which it is being compared, such as condition, use, and extra or missing features.

(b) Returns. Property owners shall use Department of Revenue authorized return forms when returning personal property. No other forms shall be provided for this purpose to property owners by the county official responsible for receiving returns unless previously approved in writing by the Revenue Commissioner.

1. Authorized return forms. The returns described in this subparagraph shall be authorized for use when returning personal property.

(iii) Form PT-50M. The return form PT-50M, entitled "Marine Personal Property Tax Return," may be used for the return of boats.

(c) Reporting schedules. Property owners shall use Department of Revenue authorized reporting schedules when reporting supporting information for authorized return forms. No other reporting schedules shall be provided for this purpose to property owners by the county official responsible for reviewing returns unless previously approved in writing by the Revenue Commissioner. A property owner may attach other schedules or documents that provide further support for the value they have placed on their personal property return. The appraisal staff shall consider all additional information submitted by the property owner with the return and reporting schedules. The reporting schedules required by Rule 560-11-10-.08(3)(c) and appropriate for the type of personal property being returned and any other information submitted with the return by the property owner are made confidential by Code section 48-5-314 and shall be treated as such by the appraisal staff. The appraisal staff shall not consider as fully returned any property that is omitted, misrepresented, or undervalued on the supporting reporting schedules and accompanying property owner documents, as these provide the basis for the property owner's declarations of value on the return and are necessary for the board of assessors to carry out their responsibility under Code section 48-5-299 to, through their appraisal staff, ascertaining what personal property is subject to taxation in the county and to require the proper return of the property for taxation.

1. Authorized reporting schedules. The reporting schedules described in this subparagraph shall be authorized for use when reporting information to support the return of personal property.

(iv) Schedule D. The reporting schedule entitled "Schedule D" may be used to list and describe any boats that are included on the property owner's return.

Marine Exercise

Complete Marine Personal Property Form in the back of the manual as the owner.

<u>Marine Exercise- Part I</u>

<u>Owner Name and Address</u>
June “Mama June” Shannon

154 Vinson Rd
McIntyre, GA 31602

<u>Marine Information to include on Schedule D Boat Information</u>

MFG Name: Carolina Skiff
Model #: JVX18 CC
Year built: 2012 Length: unknown Hull: Fiberglass
Date purchased: 12/20/12
Cost: $16,068.19
Boat type: unknown

Motor Information
MFG Name: Suzuki
Model #: DF70ATL
Year built: 2012
Horsepower: 70 Electric Start
Date Purchased: 12/20/12
Cost: unknown

Boat is functionally located in Wilkinson County. All marine equipment was purchased new. Total cost also included EZ Loader trailer AC 14-16 model valued at $1,100. A 2001 Bayliner was traded in for $4,520. Optional equipment & accessories purchased: (Accessories not included in price).

Front Rails	$356
Rear Rails	326
Minn Kota R55 ST/I-Pilot	1,089
Quick Disconnected Plate	89
Onboard Charger	140
Deep Cycle Battery	125
Lawrence HIDI Elite 7 (installed)	799
Trolling Motor Install	150
Fish chair	175
Extra chair	39
Cover Light Grey	349
Total	**$3,637**

Marine Exercise- Part II

Exchange your marine return with your neighbor. Review your neighbor's marine return as an appraiser. The return was received in office on 03/01. Use the ABOS pricing guide information below to value the marine property. Boat manufacturer & model was found under Outboard. Condition defaulted to Good-Average.

ABOS Year	HP	Feet	Inch	Model	Year	Boat Type

2015	70	17’	8”	JVX18 CC	2012	CC

Beam	Weight	TransHeight	Material	Motor	ABOS Value	Condition
78”	1073	23”	Fiberglass	No	$11,460	1.00

PRICING SCHEDULES	
S.R.P.	$13,083
Low	9,160
High	9,550
Retail	11,460

Motor

ABOS Year	HP	Model	Year	Brand	RPM
2015	70	DF70ATL-4-Stroke	2012	Suzuki	6000

Cycle	Borestroke	Piston	Starter	Weight	Saltwater
4	3.00 X 3.30	91.7	Electric	341	Yes

PRICING SCHEDULES		
Salt	**Value**	**Fresh(default)**
$9,734	S.R.P.	$9,734
5,740	Low	6,230
6,130	High	6,620
7,360	Retail	7,940

Aircraft

Three major factors affect the value of an aircraft: airframe time, engine time and damage history. There are two widely used pricing guides available to assist the appraiser in valuing aircraft:

1. Aircraft Bluebook Price Digest - The prices in the Bluebook are calculated using the Base Average for equipment and condition. If an aircraft has more or less equipment or in better or worse condition, the price should be adjusted accordingly. Bluebook prices are averages for midtime, average models and do not relate to any specific aircraft.
2. VREF Aircraft Value Reference

These pricing guides are also available either online, in CD format or as a book. The following information should be obtained from the PT-50A form to value the aircraft: manufacturer, model number, year built, condition, hours between overhauls, last overhaul total hours on airframe as of January 1 and avionics and extra equipment. The owner should also submit a copy of the aircraft's log book to substantiate T.B.O. and airframe hours.

Aviation Terms:

SMOH (Since Major Overhaul) – references the operating hours or time remaining on an engine. Low engine hours add value to the aircraft and vice versa for High engine hours. The "Add for" figure should be used to adjust for engine hours above or below the SMOH.

Airframe Total Time (AFTT) – used to determine the mechanical age of the aircraft, similar to mileage on a car. Just like a high-mileage car, an aircraft with high airframe time is worth less. AFTT is allowed to vary from the average by 10% (higher or lower) so no calculation is required for variances ranging 1% to 10%.

Avionics – the electronic systems used on aircrafts. Avionics include communications, navigation, the display and management of multiple systems.

Overhaul – the engine's previous operating history is maintained, and it is returned with zero hours since major overhaul.

Time between Overhaul (TBO) – the manufacturer's recommended number of running hours or calendar time before an aircraft engine or other component requires overhaul.

Airplane Valuation Example

1980 Piper Warrior II, 9225 TT, 240 SMOH, dual KX-170B, IIIB a/p, strobes, super nice paint, recent interior

The Calculation Process using the Bluebook Pricing Guide:

1. Calculate the value of engine time. The Base Average for an aircraft is 1000 hours at midtime. The Warrior engine time is well below midtime so value should be "added for" this feature.

"Add for" options are not included in any retail or wholesale price, but should be added to the value if they are installed. They apply only to the aircraft above the "Add for" line.

1000(SMOH) – 240(Warrior's engine hours) = 760 (hours below midtime) X $6.50 (value for each hour, shown in the "Add for" line) = $4,940 (amount to be added to the value of the warrior for low engine time).

2. Calculate the value of airframe time. This is a five-part section.

a. Determine the number of hours the Warrior has flown per year: 9225 hrs (AFTT)25 (Warrior's age) = 369 (hours flown per year by Warrior)

b. Reference the Average Hours Per Year in Appendix A for this model's fleet average 369 (hours flown per year for Warrior) – 272 (hours flown per year for typical model)= 97 excessive hours logged per year by this Warrior when compared to the typical)

c. Calculate what percentage this represents: 97 hrs / 272 hrs = 35.6%; this Warrior has flown an average of 36% more than the typical Warrior built between 1977 and 1994

d. Determine whether this Warrior is considered an early or late model. Reference the Appendix for the "Avg Hrs Per Year" chart, older models fall between 1977 and 1983 whereas newer models fall between 1985 and 1994. This model would be considered an older model and requires a deduction for high time on the Airframe Chart in Appendix A.

e. Determine the percentage to deduct from the value of the aircraft because the Warrior exceeds the fleet average by 36%. Locate 36% on the bottom (X-axis) of the Airframe Chart and make an imaginary line up to the shaded area of the "deduct" arc. Trace the line over to the left side (Y-axis) of the chart to learn the percentage you will deduct form the Bluebook's price: in this case, 7%. To determine the dollar amount for the deduction multiply .07 times the appropriate pricing schedule (retail, low or high wholesale).

Retail	$45,500 X .07 = ($3,150)
Low Wholesale	$35,500 X .07 = ($2,485)
High Wholesale	$38,300 X .07 = ($2,681)

3. Determine the value of the aircraft's avionics and equipment. Prices in the Bluebook already include the value of equipment listed in Base Average so only account for equipment that is not listed.

The dual KX170B (nav com) or strobes have already been factored into the values shown in Bluebook. The (Century) III B a/p (2-axis autopilot) is considered a supplemental piece of avionics, and its value, both retail and wholesale, is found on the model's "Add for" line.

AUTOPILOT	
Retail	$1,760
Low/High Wholesale	$1,320

4. Account for other factors that may affect the value of this aircraft. If the airplane has super nice paint and recent interior, Bluebook allows the addition of half the cost of paint and interior if the work was done within the preceding 12 months. Also, the damage history (DH) should be accounted for, if any.

5. Calculate the value of all the factors above.

Pricing Schedule	Retail	Low Wholesale	High Wholesale
Aircraft Value	$45,000	$35,500	$38,300
Low engine time	+4,940	+4,940	+4,940
High airframe time	-3,150	-2,485	-2,681
Autopilot	+1,760	+1,320	+1,320
TOTAL	$48,550	$39,275	$41,879

Aircraft Exercise

Complete Marine Personal Property Form in the back of the manual as the owner.

Part I

<u>Owner Name and Address</u>
Linnethia "NeNe" Leakes
8020 Royal St Georges Lane
Duluth, GA 30097

Aircraft information to include- Schedule E

MFG Name: King Air
Model #: B200
Year Built: 1984
Serial Number: left blank
Date purchased: left blank
Purchased: used

Hours between Overhauls (TBO): 1500
Hours since last overhaul: 0
Last overhaul: Major
Total hours on Airframe as of Jan 1: 3484
Avionics: proline avionics, color radar, 4- blade prop, RAM air recovery sys

Cost: $650,000

The aircraft's primary home base is in Lawrenceville, GA at Gwinnet County Airport Briscoe Field.

Part II

Exchange your aircraft return with your neighbor. Review your neighbor's aircraft return as an appraiser. The return was received in office on January 2nd. Use the Aircraft Bluebook pricing guide information below to value the aircraft.
1984 King Air B200, 3484 TTSN, 0 SMOH, 1995 paint & interior, Proline avionics, color radar, 4-blade prop, RAM air recovery sys, fresh 5 year

Retail $1,425,000; Low $1,239,000; High $1,288,000. The aircraft has 2 newly overhauled engines (0 engine hours). The Base Average for an aircraft is 1500 hours at midtime. The "Add for" lo engine factor is $66.67. The average King Air manufactured between 1981 and 1994 logs 380 hours per year, as shown on the "Avg Hrs Per Year" chart in Appendix A. Our subject King Air has logged 166 hours per year. 6.5% need to be added for low Airframe time. This aircraft has color radar, and the B200's Base Avg calls only for radar; therefore, added value must be given for the fact that this B200's radar unit is color. This model has two modifications that should add value: RAM air recovery and 4-blade prop. The installation date is unknown, therefore it is not possible to depreciate them. As a rule, mods retain 100% of their value during the first year, and lose an escalating percentage of their value for each subsequent year. Paint job cost $32,000. Add half of the cost of this paint and interior work during the 12 months following completion of the work. After the first year, no value is added. A footnote to the Bluebook listing for the B200 tells us that the Bluebook prices include a fresh 5-year inspection. If this aircraft has not had an inspection performed recently, a deduction of $30,000 would be in order.

Income Approach

While the income approach is generally considered to be a less reliable indicator of value than the other two approaches, and its usage is not recommended for anyone lacking experience in income appraisals, it is particularly applicable in the case of income-producing property (i.e. leased equipment and production equipment) for which relevant cost and market data are not available or lacking altogether. An appropriate application of the income approach requires a clearly defined income stream attributable to the personal property itself as opposed to income attributable to the entire business (Rule 560-11-10-0.2-.08 (5)(g)). In other words, the income approach uses a capitalization process to convert the anticipated benefits of ownership of the property into an estimate of present value. Thus, the income approach is based on the anticipation economic principle. The economic principle of anticipation suggests value is created by the expectation of benefits derived in the future.

The income approach consists of two methods in order to compute the value:
1) Straight-line Capitalization Method
2) Direct Sales Analysis Method

1. Straight-line capitalization method. The straight-line capitalization method estimates the income approach value of personal property by computing the investment necessary to produce the net income attributable to the personal property. In essence, it is determined by first computing the potential gross income for a subject property by taking the monthly rent, when that is the rental basis, and multiplying that total by twelve months. The potential gross income is then adjusted to a net operating income by subtracting any expenses that legitimately represent the costs necessary for production of that income. The net operating income will represent the amount of revenue left after operating expenses that is available to return the investment, pay property tax on the property, and return a profit to the owner.

The straight-line capitalization method divides net operating income by the capitalization rate to get the value (NOI/Rate = Value) of the subject property but first net operating income and the capitalization rate must be calculated. **Net operating income** is computed below:

Market Rent X 12 months = Potential Gross Income

(PGI) PGI – Allowable Expenses = NOI

Market rent is the rent justified on the basis of an analysis of comparable rental properties. The actual rent of a subject property may or may not equal the economic or market rent.

Allowable expenses are any expenses such as maintenance, insurance, advertising, taxes and management that legitimately represent the costs necessary for production of income.

Net operating income is the revenue remaining after deducting allowable expenses that is available to return the investment, pay property tax on property and return a profit to the owner

(i) Income and expense analysis. While complete data is not required on each individual property, there must be sufficient data to develop typical unit rents, typical collection loss ratios, and typical expense ratios for various type properties. Income and expense figures used in the income approach must reflect current market conditions and typical management. Actual figures may be used when they meet this criterion. When actual figures are not available or appear to be unrepresentative, typical figures should be used. Income and expense analysis builds upon the following important components: typical unit rent, potential gross rent, collection loss, typical gross income, typical expenses, and typical net income. Excluded are expenses such as depreciation charges, debt service, income taxes, and business expenses not associated with the property.

Next, the capitalization rate has to be calculated by adding the following rates: discount rate, recapture rate, effective rate.

(ii) Capitalization. Capitalization involves the conversion of typical net income into an estimate of value. The estimated income is divided by the capitalization rate to arrive the estimated income approach value. The capitalization rate consists of three components. The discount rate, the recapture rate, and the effective tax rate. The discount rate represents the amount of return a prudent investor could reasonably expect on an investment in the subject property. The recapture rate represents the return of the potential investment. The effective tax rate represents the portion of the income stream allocated to pay resulting ad valorem taxes on the property.

The *discount rate* represents the amount of return a prudent investor could reasonably expect on an investment in the subject property using the band of investment or mortgage-equity method.

(I) Discount rate. The appraiser should calculate the appropriate discount rate through a method known as the band of investment. The band of investment represents the weighted- average cost of the money needed to purchase the applicable personal property. The appraiser determines the percentage of the cost typically borrowed and multiplies this percentage times the typical cost of borrowing. The appraiser then determines the remaining percentage of the cost typically contributed by an investor and multiplies this percentage times the expected rate of return to the investor. An analysis of similar properties might reveal the discount rate typical for a property of a given type.

Band of Investment Example

If 75% of a machine's cost can be financed at 8% and the investor can reasonably expect a return of 12% on his/her equity in the machine, the discount rate can be calculated as follows:

Principal	**75%**	**x**	**8%**	**=**	**.75**	**x**	**.08**	**=**	**.06**
Equity	**25%**	**x**	**12%**	**=**	**.25**	**x**	**.12**	**=**	**.03**
Discount Rate									**.09**

The *recapture rate* represents the return of the potential investment or initial contribution. It is calculated by dividing one by the remaining life of the subject property. Below is an example of how to calculate a recapture rate for a machine with a 3-year remaining economic life.

3-year remaining economic life = 1/3 = .33
2-year remaining economic life = 1/2 = .50
1-year remaining economic life = 1/1 = 1.00

(II) Recapture rate. The appraiser should calculate the recapture rate by dividing one by the number of years remaining in the economic life of the subject property. The resulting percentage is the current year's recapture rate.

The *effective rate* represents the portion of the income stream allocated to pay resulting ad valorem taxes on the property. It can be calculated two ways:

a. multiplying 40% assessment level by the tax rate

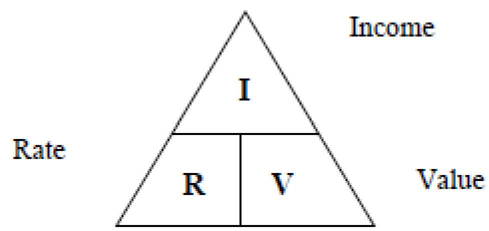
   40% X 20 mills = .008

b. dividing the property tax by the property's value

   800/100,000 = .008

(III) Effective tax rate. The appraiser should calculate the effective tax rate by multiplying the forty percent assessment level times the tax rate in the jurisdiction in which the subject property is located. The effective tax rate is included in the capitalization rate because market value is yet unknown and property taxes can be addressed as a percentage of that unknown value in lieu of their inclusion as an expense in calculation of net annual income.

The final step, estimating the value of the item, is accomplished by dividing the net income by the chosen capitalization rate (I/R=V). The formula is also known as IRV.



Income= Rate x Value

Rate= Income ÷ Value

Value= Income ÷ Rate

Straight-line Capitalization Example

A leasing company leases production equipment to businesses across the state. The company has 10 machines located within your county and receives $2,250/month for the rental of each machine. The expenses for leasing and maintain these machines are on average around 15% per year. The machines have a twenty-year life and are three years old. The county tax rate is $1.25 per $100 of value. The assessment level is 70%. What is the appraised value of this property using the income approach and a discount rate of 10%?

1.) **Compute NOI.**

PGI = $2,250 per month x 12 months x 10 machines =	$270,000
Expenses 15% per year	-40,500
NOI	$229,500

2.) **Compute Capitalization Rate.**

Discount Rate	0.10	
Effective Tax Rate	0.00875	[(1.25/100 = 0.0125) x 0.70 = 0.00875]
Recapture Rate	0.059	(20 – 3 = 17 years remaining; 1/17 = 0.059)
Capitalization Rate	0.168	

3.) Compute the Value.

Value = Income/Rate

Value = \$229,500/0.168 = \$1,366,071

Second, income approach to value method is the direct sales analysis method.

2. Direct sales analysis method. The direct sales analysis method estimates the income approach value of personal property by computing the relationship between income and sales data. This relationship is expressed as a factor. The method represents a blend of the sales comparison and income approaches because it involves application of income data in conjunction with sales data. Sales of items similar to the subject property are divided by the gross rents, for which they or identical properties are leased, to develop gross income multipliers. A gross income multiplier is selected as typical for the market, and multiplied against the gross income of the subject, or that of an identical property, to result in an estimated value. Limiting the income to rental income only produces a gross rental multiplier.

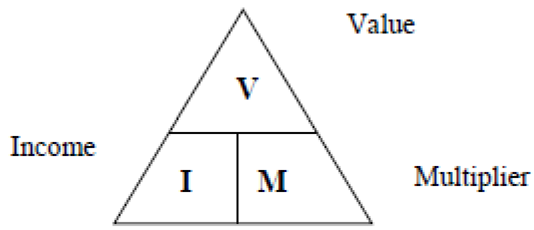
(i) Gross income or rent multiplier. The appraiser should compute the gross income multiplier by dividing the typical gross income on the personal property by the typical sales price of the personal property. The appraiser should compute the gross rent multiplier by dividing the typical gross rent on the personal property by the typical sales price of the personal property. The appraiser must identify the specific item of personal property to be valued and determine the typical gross income as gross income is determined in Rule 560-11-10-.08(5)(g)(1)(i). The item is then stratified according to its typical use. Typical use strata may include, but are not limited to, office equipment, light-duty manufacturing equipment, heavy-duty manufacturing equipment, retail sales equipment, furniture, personal fixtures, trade fixtures, restaurant equipment, or any other stratum the appraiser believes will have similar sensitivity to market fluctuations as the subject item. The appraiser may develop an individual multiplier on a single item of personal property when there are sufficient sales and rent information. This multiplier may then be used for similar items of personal property for which there may be limited sales and rent information. The income approach value estimate is computed by multiplying the estimated gross income times the gross income multiplier or the gross rent times the gross rent multiplier.

Gross income or rent multipliers are most useful when in cases where equipment is sold or leased. The gross income multiplier is calculated by dividing selling price of equipment similar to the subject by the gross rental income. The gross income multiplier is also known as the VIF formula (equation).

(I) Adjustments. Income data and sales prices used in the development of income multipliers should be reasonably current. Older sales may be matched against recent income figures when the sales are adjusted for time. Sales must also be adjusted for financing, condition, optional equipment, and level- of-trade.

Direct Sales Analysis Method

The VIM (VIF) factor is known as the Gross Income Multiplier.



Value = Income x Multiplier

Income = Value ÷ Multiplier

Multiplier = Value ÷ Income

Direct Sales Analysis Example

Cost information and selling price of a certain machine are unavailable but it is indicated that its annual income is $12,000.00. Similar machines but of different productive capabilities, sell for $95,500.00, $121,900.00 and $106,100.00 and have incomes of $90,000.00, $11,490.00 and $10,000.00 per year respectively.

Using development of a Gross Income Multiplier, what is the value of the subject matter?

	Subject	Machine 1	Machine 2	Machine 3
Sales Price	n/a	$95,500	$121,900	$106,100
Income	$12,000	9,000	11,490	10,000
GIM	n/a	10.61	10.61	10.61

Estimate of Subject Value:

Income	**x**	**GIM**	**=**	**Value**
$12,000	**x**	**10.61**	**=**	**$127,320**

Cost Approach

In the absence of good market data, and assuming the subject property does not lend itself to an appraisal based on the income approach, the cost approach will frequently be the most feasible approach. It is probably the most widely used of the three approaches for the appraisal of personal property. It is also based on the principle of substitution. It should be applied in such a manner as to give appropriate consideration to both inflation and depreciation in arriving at a final value estimate. In using the cost approach for mass appraisal of personal property, the appraiser must determine four critical elements:

1. The appropriate cost to use as a starting point
2. Replacement or reproduction cost new (RCN) as of the appraisal date
3. The total (useful) economic life of the property
4. The loss in value (Depreciation)

(f) Cost approach. The cost approach arrives at an estimate of value by taking the replacement or reproduction cost of the personal property and then reducing this cost to allow for physical deterioration, functional and economic obsolescence.

Replacement or Reproduction Cost New (RCN)
<u>Less Depreciation (Physical, Functional, Economic)</u>
Value

RCN – D = V

4. Basic cost approach. The appraisal staff shall determine the basic cost approach value of machinery, equipment, furniture, personal fixtures, and trade fixtures using the following uniform four-step valuation procedures: Determine the original cost new of the item of personal property to the property owner; determine the uniform economic life group for the item of personal property; and multiply the original cost new times the uniform composite conversion factor appropriate for the economic life group and actual age of the item of personal property. Then determine a salvage value of any item of personal property when it is taken out of use at the end of its expected economic life.

Basic cost approach uniform four step valuation procedures:

1. Determine original cost new (OCN)
2. Determine the uniform economic life group for the personal property
3. Multiply original cost new (OCN) by the appropriate composite conversion factor (CCF)
4. Determine a salvage value for when it is taken out of use at end of economic life

The cost approach lends itself mostly to the valuation of business personal property such as machinery, equipment, furniture, fixtures, inventory and construction in progress.

Machinery, Equipment, Fixtures & Furniture (MEFF)

MEFF is property used to display, store, and make inventory or used in a business or income producing activity. The original cost new must be determined which is the purchasing price and additional costs incurred to bring the asset to the location and needed for it to operate such as freight cost, installation and test fees, and sales tax with some exceptions.

(i) Original cost new. The appraisal staff shall determine the original cost new of the item of machinery, equipment, furniture, personal fixtures, and trade fixtures. Any real improvements to the real property, including real fixtures that had to be installed for the proper operation of the property, shall be included in the appraisal of the real property and not included in the basic cost approach value of the personal property. Those portions of transportation costs and installation costs that do not represent normal and customary costs for the type of personal property being appraised shall be excluded from the original cost new when determining the basic cost approach value.

There are two variations of the cost approach available to the appraiser:

1. Historical cost
2. Replacement or Reproduction cost new

Historical Cost

The cost of an item it was initially acquired by the original user. This cost may be the most reliable because it usually has less influence from a possible subsequent transaction that is not arms-length and can usually be indexed to reflect trended historic cost. However, this cost may not be available.

Historical Cost minus Depreciation & Obsolescence equals Final Value Estimate.

RCN

The cost being reported is most likely a cost from a previous accounting period. The best source for such information is from the taxpayer, usually from her/his business records. The appraiser must adjust the reported cost to estimate replacement or reproduction cost as of the appraisal date. Replacement cost new is the cost required to replace the property unit with a new one of like utility. Reproduction cost new is the amount necessary to build an exact replica of the property unit. Reproduction cost is seldom used in the valuation of machinery due to technological advancements.

The replacement cost system envisions an approach whereby the current selling cost new of a particular piece of equipment can be projected, or estimated, based on standard cost indices. These indices measure the rise in prices for various categories of equipment, and provide a means for, in effect, updating a schedule of personal property costs similar to the way a real estate building cost schedule might be updated. Some publishers of commercial cost manuals are Marshall & Swift, Handy-Whitman and AUS Consultant which provide indices based on equipment costs studies. This system of using costs indices to arrive at a projected cost new also requires that the appraiser must have the historical cost and the date of acquisition for the property to be appraised. The resulting figure may be characterized as "Replacement Cost Less Normal Depreciation" (RCLND):

(1) Historical Cost times Cost Index Factor equals Replacement Cost

(2) Replacement Cost minus Depreciation & Obsolescence equals Final Value Estimate.

Index Factor Formula

Indices are published by industry type or class of assets. They represent composite percentage adjustments of periodic changes in the sales price of assets as reported by the producers of the assets.

Current Index divided by Previous Index = Index Factor

(ii) Trend. “Trend” means an observable tendency of behavior such as stable economic direction over extended periods despite temporary fluctuations.

Depreciation

Depreciation has been defined as a loss of value due to any cause. With that definition in mind, hopefully, it can be seen that the total amount of accrued depreciation is an automatic spin-off or by-product of any income or market appraisal.

Simply put, for any depreciable asset, the difference between the value new (replacement cost new) and current fair market value is the amount of accrued depreciation.

PHYSICAL DETERIORATION

Loss in value due to wear and tear or damage, it can be curable or incurable. If the cure adds more value than cost, then curable. If cure cost more than the value added, then incurable.

(i) Physical deterioration. The appraiser shall consider any evidence presented by the property owner demonstrating physical deterioration that is unusual for the type of personal property being appraised

Defective wiring	Time	Noisy Radiators
Broken light fixtures	Rot & Decay	Rusting Pipes
Loose switches	Fire, Water, & Nature	Boilers in poor repair
Broken plumbing/ Leaking pipes	Use	Mold and mildew stains

FUNCTIONAL OBSOLESCENCE

Loss in utility due to obsolete or incorrect design may be characterized by overcapacity or inadequacy, etc. Can be curable or incurable as well and same cost to cure measures are followed as in physical deterioration.

(ii) Functional obsolescence. The appraisal staff shall consider any evidence presented by the property owner demonstrating functional obsolescence for the type of personal property being appraised. One method the appraisal staff may use to determine the amount of functional obsolescence is to trend the original cost new for inflation to arrive at the reproduction cost new, and then deduct the cost of a newer replacement model with similar or improved functionality.

Poorly spaced or antiquated plumbing	Technological changes	Conveyance
Poor Electrical and lighting fixtures	Inadequate power requirements	Poor Controls
Inadequate loading docks	Excessive heat gain	
Inadequate HVAC	Abnormal operating costs	

ECONOMIC OBSOLESCENCE

Loss in value due to impairment of desirability or useful life arising from economic forces outside the property. It is seldom curable.

(iii) Economic obsolescence. The appraisal staff shall consider any evidence presented by the property owner demonstrating economic obsolescence for the type of personal property being appraised. One method the appraisal staff may use to determine the amount of economic obsolescence is to capitalize the difference between the economic rent of an item of personal property before and after the occurrence of the adverse economic influence.

Bookkeeping or Accounting Methods of Depreciation

There are four primary methods used by accountants in allocating depreciation of assets:

1. Straight line
2. Sum of the year's digits
3. Declining balance
4. Accelerated Capital reclamation

Book value. The appraiser should recognize that the appraisal and accounting practices for depreciating personal property might differ. Accounting practices provide for recovery of the cost of an asset, whereas appraisal practices strive to estimate the fair market value related to the current market. The appraiser should consider depreciation in the forms of physical deterioration, functional obsolescence, and economic obsolescence, which may not necessarily be reflected in the book value. The appraiser should consider that accounting practices of property owners might also differ.

Economic Life

Once the historical cost has been adjusted in a manner to reflect what should be the current cost new then depreciation may be allowed based on the remaining economic life of the property and any other factors which cause a loss in value. A property must have a determinable useful life to be depreciable and it must have a useful life that extends substantially beyond one year.

The "economic life" of an asset is that period of time for which it can reasonably be expected to continue to effectively and (relatively) efficiently serve the purpose for which it was intended. It is not necessarily the expected physical life of the asset. For example, the physical life of a computer may be 10 or more years, but the total economic life may be 3 to 5 years or less. At the end of the economic life of an asset, theoretically it will either have no value at all, or it will only have salvage or scrap value. Thus, if the total economic life of a computer is 5 years and it is 1 years old then the estimation of depreciation is 20% (1/5).

Age divided by Total Economic Life = Depreciation or

Remaining Economic Life/Total Economic Life = Percent Good

The records of particular businesses, particularly as they reflect working, or in-service, lives of assets, may help in the assigning of economic lives.

However, it is more likely the best help that may be available to personal property appraisers for establishing economic lives are various tables prepared by appraisal companies and/or governmental agencies. (NOTE: IRS Asset Depreciation Range Guidelines in most cases will probably reflect unacceptably short economic lives not consistent with actual experience.)

The ADR system is a range of depreciable lives allowed by the Internal Revenue Service (IRS) for a specified asset. Anticipated normal physical, functional, and economic depreciation are inherent in some published useful-life guides. Factors affecting useful life schedules as reflected by the

U.S. Internal Revenue Service Asset Depreciation Range (ADR) are stated in their regulations to include wear, tear, decay or decline; normal progress of the art; normal economic changes; and current developments within the asset industry.

Abnormal conditions, which may be peculiar to a specific property, trade, or industry, such as climate or other factors which do not represent normal physical, functional, or economic conditions, must be treated separately by the appraiser in making a depreciation adjustment. Obviously, the more experience and knowledge an appraiser has, the more likely he or she will be able to apply personal judgment in assigning reasonable economic lives to various classes of property.

The Depreciation Grouping Examples are from Table B-1 and B-2 of IRS Publication 946 on How to Depreciate Property.

(ii) **Economic life groups**. When determining the basic cost approach value of machinery, equipment, furniture, personal fixtures, and trade fixtures, the appraisal staff shall separate the individual items of property into four economic life groupings that most reasonably reflect the normal economic life of such property as specified in this subparagraph. The appraiser shall use Table B-1 and B-2 of Publication 946 of the U.S. Treasury Department Internal Revenue Service to classify the individual asset into the appropriate economic life group. For property that does not appear in such publication, the appraisal staff may determine the appropriate economic life group based on the best information available, including, but not limited to, the property owner's history of purchases and disposals.

(I) **Group I.** The appraisal staff shall place into Group I any assets that have a typical economic life between five and seven years.

(II) **Group II.** The appraisal staff shall place into Group II any assets that have a typical economic life between eight and twelve years.

(III) **Group III.** The appraisal staff shall place into Group III any assets that have a typical economic life of thirteen years or more.

(IV) **Group IV.** The appraisal staff shall place into Group IV any assets that have a typical economic life of four years or less. The appraisal staff shall also place into Group IV those assets classified as Asset Class 00.12 in Publication 946 of the U.S. Treasury Internal Revenue Service, Table B-1.

Groupings

DEPRECIATION GROUPING EXAMPLES

GROUP 1: ECONOMIC LIFE OF 5-7 YEARS	GROUP 2: ECONOMIC LIFE OF 8-12 YEARS	GROUP 3: ECONOMIC LIFE OF 13 YEARS OR MORE	GROUP 4: ECONOMIC LIFE OF 1-4 YEARS ALSO ASSET CLASS 00.12 IRS PUBLICATION 946
1) Copiers, Duplicating Equip., Typewriters	1) Office Furniture, Fixtures and Equipment	1) Petroleum Refining Equipment	1) Computers - Non Production
2) Calculators, Adding and Accounting Machines	2) Agriculture Machinery and Equipment	2) Grain and Grain Mill Products (Mfg.)	2) Peripheral Computer Equipment
3) Electronic Instrumentation Mfg.	3) Recreation or Entertainment Services	3) Mfg. of Sugar and Sugar Products	3) Jigs, Dies, Molds, Patterns
4) Construction Equipment	4) Mining and Quarrying	4) Mfg. of Vegetable Oils and Products	4) Special Tools and Gauges
5) Timber Cutting Equipment	5) Mfg. of Textile Products	5) Mfg. of Tobacco and Tobacco Products	5) Returnable Containers
6) Mfg. of Electronic Components & Products	6) Mfg. of Wood Products and Furniture	6) Mfg. of Pulp and Paper	6) Special Transfer and Shipping Devices
7) Radio and T.V. Broadcasting Equipment	7) Permanent Sawmills	7) Mfg. of Rubber Products	7) Pallets
8) Drilling of Oil and Gas Wells	8) Mfg. of Chemicals and Allied Products	8) Mfg. of Cement	8) Rental Movies
9) Temporary Sawmills	9) Mfg. of finished Plastics Products	9) Mfg. of Stone and Clay Products	9) Card Readers
10) Any Semiconductor Mfg. Equipment	10) Mfg. of Leather and Leather Products	10) Mfg. of Primary Nonferrous Metals	10) High Speed Printers
11) Telegraph and Satellite Communications	11) Mfg. of Electrical and Non-electrical Machinery	11) Mfg. of Foundry Products	11) Data Entry Devices
12) Vending Equipment, Coin Operated	12) Mfg. of Athletic, Jewelry and Other Goods	12) Mfg. of Primary Steel Mill Products	12) Teleprinters
13) Rental Appliances and Televisions	13) Retail Trades Furniture, Fixtures and Equipment	13) Tanks and Storage	13) Plotters
14) Hand Tools	14) Restaurant and Bar Equipment	14) Billboards/Signs	14) Terminals, Tape Drives, Disc Drives
15) Nuclear Fuel Assemblies	15) Hotel and Motel Furnishing and Equipment	15) Radio/T.V. Antennas and Towers	15) Magnetic Tape Feeds
16) Fishing Equipment	16) Automobile Repair and Shop Equipment	16) Cold Storage and Ice Making Equipment	16) Optical Character Readers
17) Cattle, Breeding, or Dairy Equipment	17) Personal and Professional Services	17) Mfg. of Glass Products	

Table B-1. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
	SPECIFIC DEPRECIABLE ASSETS USED IN ALL BUSINESS ACTIVITIES, EXCEPT AS NOTED:			
00.11	**Office Furniture, Fixtures, and Equipment:** Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes.	10	7	10
00.12	**Information Systems:** Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not incude equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user.	6	5	5
00.13	**Data Handling Equipment; except Computers:** Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment.	6	5	6
00.21	**Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines)**	6	5	6
00.22	**Automobiles, Taxis**	3	5	5
00.23	**Buses**	9	5	9
00.241	**Light General Purpose Trucks:** Includes trucks for use over the road (actual weight less than 13,000 pounds)	4	5	5
00.242	**Heavy General Purpose Trucks:** Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more)	6	5	6
00.25	**Railroad Cars and Locomotives, except those owned by railroad transportation companies**	15	7	15
00.26	**Tractor Units for Use Over-The-Road**	4	3	4
00.27	**Trailers and Trailer-Mounted Containers**	6	5	6
00.28	**Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction**	18	10	18
00.3	**Land Improvements:** Includes improvements directly to or added to land, whether such improvements are section 1245 property or section 1250 property, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in Class 51), wharves and docks, bridges, fences, landscaping shrubbery, or radio and television transmitting towers. Does not include land improvements that are explicitly included in any other class, and buildings and structural components as defined in section 1.48-1(e) of the regulations. Excludes public utility initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.	20	15	20
00.4	**Industrial Steam and Electric Generation and/or Distribution Systems:** Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry.	22	15	22

Composite Conversion Factors

Since cost is multiplied by an index factor and then by a percent good based on remaining economic life, the same result could be obtained by first multiplying the trending factor and % good factor by each other to generate a single composite factor, and then multiplying the historic cost by the composite factor. Once data is compiled for indices and depreciation, they are known as composite conversion factors.

Index X Percent Good Factor = Composite Conversion Factor

560-11-10-.08(5)(f)(4)(iii) Composite conversion factors. The appraisal staff shall, in accordance with this Rule, use the composite conversion factors as provided in Rule 560-11-10-.10 and apply the appropriate factor to the original cost new of personal property to arrive at the basic cost approach value.

560-11-10-.10 Table of Composite Conversion Factors

(1) Commencing with the 2025 calendar year, appraisal staff shall use the composite conversion factors as provided in this subparagraph and apply the appropriate factor to the original cost new of personal property to arrive at the basic cost approach value. The last composite conversion factor in each economic life group shall not be trended and shall represent the residual value. Such values shall be updated periodically at the discretion of the Department.

a. Group I composite conversion factors. The following composite conversion factors shall be applied to Group I assets: Y1-.84, Y2-.68, Y3-.60, Y4-.43, Y5-.22, Y6-.20. Thereafter the residual composite conversion factor shall be .15.
b. Group II composite conversion factors. The following composite conversion factors shall be applied to Group II assets: Y1-.91, Y2-.82, Y3-.80, Y4-.78, Y5-.66, Y6-.54, Y7-.42, Y8-.29, Y9-.21. Thereafter the residual composite conversion factor shall be .15.
c. Group III composite conversion factors. The following composite conversion factors shall be applied to Group III assets: Y1-.95, Y2-.90, Y3-.89, Y4-.87, Y5-.86, Y6-.84, Y7-.83, Y8-.76, Y9-.67, Y10-.59, Y11-.51, Y12-.43, Y13-.36, Y14-.28, Y15-.23. Thereafter the residual composite conversion factor shall be .15.
d. Group IV composite conversion factors. The following composite conversion factors shall be applied to Group IV assets: Y1-.76, Y2-.51, Y3-.30. Thereafter the residual composite conversion factor shall be .10.

COMPOSITE CONVERSION FACTORS																	
AGE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
I	**.84**	**.68**	**.60**	**.43**	**.22**	**.20**	.15	.15	.15	.15	.15	.15	.15	.15	.15	.15	.15
II	**.91**	**.82**	**.80**	**.78**	**.66**	**.54**	**.42**	**.29**	**.21**	.15	.15	.15	.15	.15	.15	.15	.15
III	**.95**	**.90**	**.89**	**.87**	**.86**	**.84**	**.83**	**.76**	**.67**	**.59**	**.51**	**.43**	**.36**	**.28**	**.23**	.15	.15
IV	**.76**	**.51**	**.30**	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10

Group I	**Assets with a typical economic life between five and seven years. (5-7)**
Group II	**Assets with a typical economic life between eight and twelve years. (8-12)**
Group III	**Assets with a typical economic life of thirteen years or more. (13+)**
Group IV	**Assets with a typical economic life of four years or less. (<4)**

(iv) Basic cost approach value. The basic cost approach value shall be determined by multiplying the composite conversion factor times the original cost new of operating machinery, equipment, furniture, personal fixtures, and trade fixtures.

Residual Value

We have said that theoretically an asset will have no value (or only salvage or scrap value) at the end of its economic life. Economic lives are simply estimates of an asset "production life," and being estimates they can be easily misaligned. A well-maintained asset should continue to be "useful" to it owner for a period extending beyond its economic life. The same situation would apply to an asset that is not in continuous use.

Residual value can best be described as the value an asset retains as the asset approaches the end of (or extends past) its economic life. The value is usually expressed as a percentage of either historical cost or replacement cost new. The last composite conversion factor in each economic group shall not be trended and shall represent the residual value. The residual composite conversion factor is .15 for Groups I-III and .10 for Group IV.

OCN X 15% (10%) = Residual Value

(a) Residual Value. "Residual value" means the value of personal property that is at the end of its normally expected economic life but still in use.

Salvage or Scrap Value

The definition of salvage or scrap value is that value the asset has to its owner after the total asset is no longer capable of being put back into production. This value can be the sum of the value of the remaining useful parts of the machine, or it could be the value which could be received if the asset were sold as scrap iron or other metals. Again, the salvage or scrap value is expressed as a percentage of historical cost or replacement cost new.

(i)	**Salvage value.** Once personal property is taken out of service at or after the end of its typical economic life, it shall be considered salvage until disposed of and the appraiser shall determine a basic cost approach value by taking ten percent of the original cost new of such property. The basic cost approach value for property withdrawn from active use but retained as backup equipment shall be one-half the basic cost approach value otherwise applicable for such property.

OCN X 10% = Taken Out of Production
OCN X CCF X ½ = Back Up Equipment

Example of Economic Life, Residual Value, Salvage Value

Asset: Production Equipment			
Estimate Economic Life: 10 Years	**Residual Value:** 20%		**Salvage Value:** 10%
Equipment Stages	**Year**	**CCF**	**Value**
Put into production	1	.91	Machine is depreciated on an annual basis determined by economic life
	2	.82	
	3	.80	
	4	.78	
	5	.66	
	6	.54	
	7	.42	
	8	.29	
	9	.21	
Approaching end of economic life	10	.15	
	11	.15	
Residual Value	12	.15	Reaches maximum 85% depreciation (15% good)
Residual Value	13	.15	Reaches maximum 85% depreciation (15% good)
Leaves Production (RV)	14	.15	Reaches maximum 85% depreciation (15% good)
Salvage Value	15	.10	Value held as salvage (10% good) until sold

Unless withdrawn from active use but retained as backup equipment then (OCN x CCF) x ½

Cost Approach Valuation Example

Historical Cost of Equipment	$50,000
Economic Life	10 years
Date Acquired	6/1/1985
Valuation Date	1/1/1991
Index for 1985	787.9
Index for 1991	928.5

1. Historical Cost Method

Determine depreciation or percent good. The equipment has 10 years economic life which equates to 10% depreciation per year (1/10 = .10 or 10%). The equipment is 6 years into production (1991- 1985 = 6) so 6 years X 10% = 60% depreciation or 40% percent good (100% - 60% = 40%).

Historical Cost	X	Percent Good	=	Value
$50,000	X	40%	=	$20,000

2. RCN Method

Compute index factor. Current index divided by previous index (928.5/787.9 = 1.178). Compute RCN. Multiply Historical Cost by index factor ($50,000 X 1.178 = $58,900)

Determine depreciation or percent good. The equipment has 10 years economic life which equates to 10% depreciation per year (1/10 = .10 or 10%). The equipment is 6 years into production (1991- 1985 = 6) so 6 years X 10% = 60% depreciation or 40% percent good (100% - 60% = 40%).

RCN	X	Percent Good	=	Value
$58,900	X	40%	=	$23,560

Historical Cost	X	Composite Conversion Factor (Index X Percent Good)	=	Value
$50,000	X	.4712	=	$23,560

2. Construction in progress. Property owners who are constructing or installing a large piece or line of production equipment may be required by generally accepted accounting principles to accrue the total costs associated with such equipment in a holding account until the construction or installation is complete and the equipment is ready for production, at which time, the property owner is permitted by such principles to post the total cost to a fixed asset account, taking appropriate depreciation. If such holding account is maintained by the property owner, the appraisal staff shall consider the total cost reported in the property owner's holding account when appraising such property. Construction in progress shall be appraised in the same manner as other similar personal property taking into account that there may be little or no physical deterioration on such property and that the fair market value may be diminished due to the incomplete state of construction. If comparable sales information of personal property under construction is generally not available and there is no other specific evidence to measure the probable loss of value if the property is sold in an incomplete state of construction, the appraisal staff may multiply the identified total cost of construction by a uniform market risk factor of .75.

3. Overhauls. When appraising machinery, equipment, furniture, personal fixtures, and trade fixtures, the appraisal staff shall consider the cost of all expenditures, both direct and indirect, relating to any efforts to overhaul an asset to modernize, rebuild, or otherwise extend the useful life of such asset. The following procedure is to be used by the appraisal staff to estimate the value of an overhauled asset: An adjustment to the original cost of the asset is made to reflect the cost of the components that have been replaced. The cost of the overhaul is divided by an index factor representing the accumulated inflation or deflation from the year of acquisition of the asset on which the overhaul was performed to the year of the overhaul. This amount is then subtracted from the original cost of the asset being overhauled. The remainder is then multiplied by the composite conversion factor for the year of the original acquisition as specified in Rule 560-11-10-.08(5)(f)(4)(iii) of this section. The current year's composite conversion factor is then applied to the cost of the overhaul, and these two figures are combined to represent the estimate of value for the overhauled asset.

Effective Age

Effective age is the age of an improvement to property as compared with other property performing like functions. It is the actual age less the age that has been taken off by face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, and similar repairs and overhauls. It is an age that reflects the true remaining life for the property, taken into account the typical remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and usage.

Overhaul Example

Given:

Mr. N. Dustry owns a metal products manufacturing plant in your county. During 1999 Mr. Dustry rebuilt a 10-ton Stamp Press acquired in 1990 for $1,000,000. The rebuild was capitalized for $400,000.

Required:

From the information provided prepare Mr. Dustry's 2000 property tax return for the item specified. Round 3 decimal places for index factor.

Solution:

Note: The special valuation procedures require that the original cost is adjusted for the physical replacement of components. Then the resulting adjusted cost is used in a two-part calculation to estimate the value under the basic cost approach.

Calculations:

I. Make adjustment to original cost:

a. (Former index / Present index) x Present cost = Cost Adjustment

(910.2 / 1065.0) x $400,000 = $342,000

b. Original Cost – Cost adjustment = Adjusted original cost

$1,000,000 – 342,000 = $658,000

II. Apply basic cost approach multipliers

Using the basic cost approach, the assets would be grouped accordingly:

Group II: 10-ton Stamp Press (IRS Asset Class 34.0, Class Life 10 years) The calculations would then follow:

400,000	x	0.92 (1999)	=	$368,000
658,000	x	0.25 (1990)	=	164,500
		Total		$532,500

(b) Special procedures. The appraisal staff shall observe the procedures in this Subparagraph when appraising inventory and construction in process.

Inventory

Webster defines inventory as a stock of a business or the store of goods. Inventories is a term used to designate items held for sale in the normal course of business, as well as items actually in the process of production and those that will be placed in production. In the course of manufacturing, an item starts as a raw material, then is combined or modified through production (work in process) into a finished product ready for sale. A retailer or wholesaler has no production process because they purchase finished goods and hold them for resale. Inventory is not depreciated because it is not held for use in the business like MEFF.

The normal categories of business inventory are:

1. Raw Materials: Those goods (usually a finished product from another company) which are held to be put into production.
2. Work in process: Goods that are currently in the production process where they are being changed.
3. Finished Goods: Items that have completed the production process and are now ready for sale.
4. Merchandise: Those goods that are purchased as finished products and held for resale (i.e., retail outlet or wholesale distributor).
5. Supplies: These are stocks of goods intended to be consumed during the manufacturing or production process, but not part of the raw materials inventory. Examples of supplies included paper, chemicals, gas, pallets, repair parts and wrapping material. Unlike most other types of inventory, supplies are not for sale.

There are other inventory concepts one needs to have knowledge of:

1. Stock in Trade: Those goods that are held for sale which are displayed at a store or shop. The business transactions of the sale and delivery are completed in one step.

2. Consigned Inventory: Merchandise located at a taxpayer's place of business and owned by another (the "consignor" -- the one in possession is the "consignee"). The advantage to the consignee is that he does not have to pay for the goods unless and until they are sold. As is the case with leased equipment, virtually anything may be placed on consignment.

Georgia law may be unique in that it seems to allow for either party, or the property itself, to be liable for the property taxes in the case of consigned inventories. (See O.C.G.A. §§ 48-5-9 and 48-5-299).

Consigned merchandise owned by out-of-state residents. The state ad valorem tax was properly applied to an agent for consigned merchandise owned by out-of-state residents but offered for sale in the state by the agent, notwithstanding that such jewelry customarily remained in the state only for brief periods. Brown & Co. Jewelry v. Fulton County Bd. of Assessors, 248 Ga. App. 651, 548 S.E.2d 404 (2001).

3. Floor Planned Inventory: Is a common method of financing used by merchants whereby, through a credit agreement with a lending institution, the lending institution pays the supplier, holds title to the goods, and collects a small down payment from the merchant. The balance of the cost (release price) is not paid until the goods have been sold.

   Even though the bank holds title to the merchandise, the common practice has been to charge the party in possession of the floor planned inventory with the property taxes. Flooring agreements will usually state that the possessor of the merchandise is responsible for the property taxes. In some cases, it may be possible that O.C.G.A. §§ 48-2-1 and 48-5-16, will help the assessor if liability for the taxes become an issue.

4. Prepaid Expenses: Are the various advertising, and other miscellaneous supplies acquired and held for use by a business that will not become part of a product held for resale. Rather than be called manufacturing or product inventories, they would probably more correctly be termed "service inventories." Usually, prepaid expenses will not be reported as part of a company's inventory as such, but will be reported elsewhere as other assets. (Income Statement)

5. Goods In Transit: Goods in the hands of a common carrier or other similar carrier are deemed to be in transit. Usually these goods are moving by some conveyance from one point to another and, if traveling interstate, are controlled by the interstate commerce commission. In most such situations, the goods cannot be taxed by the assessor if they have not reached their destination.

Judicial Decision

Brown & Co. Jewelry v. Fulton County Bd. of Assessors, 248 Ga. App. 651 (2001)

Appellant jewelry store owned and operated a business in Fulton County, Georgia. Part of appellant's inventory consisted of consignment items belonging to companies located in other states. Appellant either sold the jewelry and gave the consignor a reference price or returned the jewelry to the consignor. The jewelry remained the property of the consignor, who was able to recall it at any time. The consignment jewelry typically spent from 3 to 90 days at appellant's store before either being sold or returned. Appellee state tax assessor included appellant's consigned items in appellee's ad valorem tax assessment. Appellant contended the Georgia ad valorem tax could not be applied to an agent for consigned merchandise owned by out-of-state residents but offered for sale in Fulton County. After the trial court determined the tax assessment properly included the consigned goods, the appellate court found the fact the consigned property was only briefly present in Georgia was immaterial, as Ga. Code Ann. § 48-5-16(b) allowed for taxation of such property and did not require the property be in Georgia for any particular length of time before such taxation was proper.

Judgment was affirmed as the trial court did not commit error in holding consigned personal property owned by out-of-state consignors and held for only short periods of time by appellant for sale to its customers was subject to Georgia ad valorem taxation. Georgia statutory law explicitly required such property be made available for taxation and did not impose a particular length of time the property had to be present in Georgia to be taxed.

Many businesses reduce their inventories (Christmas sales, re-order and delivery dates after January

1) at the end of the year to reduce their tax liability. A very basic formula for what is actually in inventory on the tax date is:

Beginning Inventory
+ Purchases and Additions
<u>- Sales (at cost)</u>
= Remaining Inventory

1. Valuation of inventory. When appraising inventory, the appraisal staff shall consider the value of inventory to consist of all the charges incurred from its original state as raw material to its final resting place for ultimate consumption, including such items as freight and other overhead charges, with the exception of the cost of the final sale. The appraisal staff shall also consider factors contributing to any loss of value including, but not limited to, obsolescence, shrinkage, theft and damage.

The level of trade concept applies to inventory valuation. When valuing inventory, all values should be on a "cost plus" basis. The term "cost plus" includes (depending upon the type of business) original cost plus freight, labor and overhead.

Example for Merchandising Business

Original Cost
<u>+ Freight In</u>
= Value

Example for Manufacturing Business

Original Cost of Raw Materials
+ Freight In
+ Direct Labor
<u>+ Manufacturing Overhead (Cost of Production)</u>
= Value

Inventory is taxable at current cost plus at its level of trade.

LEVEL OF TRADE CONCEPT OR
"THE SAGA OF THE COUCH"

Manufacture (First Level of Trade)	
Cost of Raw Materials (cloth, springs, wood, stuffing)	
+ Freight in	TAX
+ Direct Labor	TAX
+ Mfg. Overhead (cost of production)	TAX
= Finished Goods Ready for Sale	TAX
+ Profit (no tax at this level of trade)	
= Sales Price or Wholesaler Cost (no tax at this level of trade)	

Wholesale (Second Level of Trade)	
Cost of Goods (from mfg. Including mfg. profit)	TAX
+ Freight in	TAX
+ Warehouse Expenses	TAX
= Finished Goods Ready for Sale	TAX
+ Profit (no tax at this level of trade)	
= Sales Price or Retailers Cost (no tax at this level of trade)	

Retail (Third Level of Trade)	
Cost of Goods (from wholesaler)	
+ Freight in	TAX
+ Store Expenses (excluding cost of final sale)	TAX
= Finished Goods Ready for Sale	TAX
+ Profit (not taxed)	
= Sales Price or Consumers Cost	

Consumer (Fourth Level of Trade)

Accounting Methods
First in First out (FIFO): This method assumes that cost should be charged out in the same order in which they were incurred. In other words, the oldest cost for the oldest part of an inventory will always be apportioned to any sale.

Last in First out (LIFO): This method assumes just the opposite of FIFO - that the most recent cost or purchases, will represent any goods sold, and should be written off first.

LIFO is accepted as a means of inventory pricing by the Internal Revenue Service (upon proper application by the taxpayer), and since it tends to overstate the costs of goods sold during periods of rising costs and inflationary escalation, and thereby understate profits, its use

by business for income tax purposes has become increasingly more popular with each passing year.

BECAUSE LIFO COSTS ARE NOT REFLECTIVE OF CURRENT MARKET VALUES, ITS USAGE IS NOT ACCEPTABLE FOR PROPERTY TAX PURPOSES.

In fact, the longer a company has been on a LIFO system of inventory figures, considering that LIFO has been around since 1941, the chances for immense distortions between LIFO and market costs cannot be understated. Double-digit inflation has only made this situation worse.

There are other methods of inventory accounting, but the FIFO and LIFO are the most used. If a company is using LIFO, the balance sheet will show:

$150,000	Inventory
$25,000	Inventory Conversion Account or LIFO Reserves
$175,000	**Current Cost (FIFO)**

Correlation / reconciliation of indicated value (Not Average of all)

One of the two final steps in the appraisal process, reconciliation also referred to as correlation requires an examination of the nature of the property appraised, the data available, and the validity of each approach under the indicated conditions. The approaches are compared in terms of amount and reliability of data collected, inherent strengths and weaknesses of each approach, and relevancy to the subject of the appraisal. Values are determined by the three approaches and reconciled but never averaged. The reconciliation step allows the appraiser to consider all three approaches to determine which approach is the best fit to value the subject property.

Final Value Estimate

After completing all calculations, considering the information supplied by the property owner, and considering the reliability of sales, cost, income and expense information, the appraiser will correlate any values indicated by those approaches to value that are deemed to have been appropriate for the subject property and form their opinion of the fair market value. The appraisal staff shall present the resulting proposed assessment, along with all supporting documentation, to the board of tax assessors for an assessment to be made by that board.

Audits

Due to the self-reporting nature of personal property it's likely not to receive full cooperation from all taxpayers and partial cooperation from others whether knowingly or unknowingly. In other words, money is being left on the table or taxable property is escaping taxation without a systematic review and audit program. It is important that counties verify information to ensure that all property is properly returned for taxation. The ad valorem program needs to be administered at 100% capacity. A successful review and audit program can possibly add millions to a county's digest simultaneously upholding equity and uniformity. Also, the board is charged with the duty to ensure all taxable property is reported in county.

> **(3) Return of personal property**. In accordance with Code section 48-5-299 (a), the appraisal staff, on behalf of the board of tax assessors, shall investigate diligently and inquire into the property owned in the county for the purpose of ascertaining what real and tangible personal property is subject to taxation in the county and to require the proper return of the property for taxation. The appraisal staff shall make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law. In all cases where taxes are assessed against the owner of property, the appraisal staff shall prepare a proposed assessment on the property according to the best information obtainable.

The quality of the data received on the return and schedule depends on the data provider which is the property owner or the property owner's representative. It is imperative that the property owner and/or representative is educated on how to accurately complete a return and the attached schedules to assist with an efficient workflow. By reviewing each return and comparing it against prior year's return, the appraiser can open up a line of communication with the property owner via telephone, written correspondence or an on-site visit to correct the return if necessary and educate the responsible party on how to properly complete a return.

> **(c) Review.** The purpose of a review is to determine if a property owner has correctly and fully completed their return and reporting schedules. It is based upon the good-faith disclosures of the property owner and information that is readily ascertainable by the appraisal staff. The review of an owner's return may consist of, but is not limited to, an analysis of any improper omissions or inclusions, improperly applied or omitted depreciation, and improperly applied or omitted inflation or deflation of the value of the owner's property. The examination should include a comparison of the current return information with return information from prior years. The appraiser should contact the owner or their agent by an on-site visit, telephone call, or written correspondence to attempt to resolve any questionable items. Returns with unresolved discrepancies, unexpected values, or incomplete information should be escalated to an audit.

After reviewing the return and the appraiser determines that the return is incomplete, the appraiser should contact the owner or tax representative to resolve any discrepancies.

1. One of the quickest and inexpensive ways to resolve a discrepancy is a telephone call or desk audit to correct clerical errors, identify omitted or unlisted property, or question reductions in value from prior year's listing.

2. Letters are also a cost-effective way to resolve return discrepancies. Form letters and/or individual correspondences can be utilized to obtain or question information on the taxpayer's return.

3. On-site visits maybe necessary to verify if an asset has been disposed of or is being utilized as back up equipment or to inspect a piece of equipment the taxpayer is requesting functional or economic obsolescence.

Example: An appraiser is reviewing Company B's property return comparing the current statement with the prior year's statement. The appraiser notices the company has acquired a sizable amount of machinery and equipment in the digest year under review and has disposed of similar older machinery and equipment before the date of valuation. These changes may be considered reasonable. On the other hand, the company disposes of an asset that is primary to its operations and does not replace it. This may not be deemed reasonable and the appraiser should contact the company to determine why similar property was not acquired.

1. Information presented by property owner. The appraisal staff shall consider any timely information presented by the property owner that may have reasonable relevance to the appraisal of the owner's personal property. The appraisal staff shall consider the effect of any factors discovered during the review or audit of the return or directly presented by the property owner that may reduce the value of the owner's personal property, including, but not limited to all forms of depreciation, shrinkage, theft and damage.

Any discrepancies that cannot be resolved by the previously discussed methods should be escalated to an audit.

(d) Audits. The purpose of an audit is to gather information that will allow the appraiser to make an accurate determination of the fair market value of the property owned by the property owner and subject to taxation. An audit is an examination of the records of the property owner to make an independent determination of the fair market value of such property where such determination does not solely depend upon the good-faith disclosures of the property owner and information that is readily ascertainable by the appraisal staff. The appraisal staff shall perform, consistent with Georgia Law and policies that are established by the board of tax assessors, audits of the records of the property owners to verify the returns of personal property. These audits may take place at any time within the seven-year statute of limitations, which begins on the date the personal property was required by law to be returned.

The appraiser will substantiate cost amount reported by the property owner by examining appropriate and pertinent records. Before an audit can be conducted an “Audit Selection Criteria” must be adopted and approved by the board of tax assessors.

(4) Verification. The appraisal staff shall review and audit the returns in accordance with policies and procedures set by the county board of tax assessors consistent with Georgia law and this Rule.

(e) Audit selection criteria. The appraisal staff shall recommend to the board of tax assessors a review and audit selection criteria, and the appraisal staff shall follow such criteria when adopted by the board. The criteria should be designed to maximize the number of personal property returns that may be reviewed or audited with existing resources. The criteria should be fair, unbiased, and developed consistent with the requirements of Code section 48-5-299. All personal property accounts should be reviewed or audited at least once every three years.

The following criteria may be used in order to select which accounts to be audited:

- Consistent failure by the property owner to file a reporting form with the assessor’s office
- A significant decrease in the value reported by a property owner from one year to another
- Comparison of the value reported by a business to the value reported by similar businesses (Site and Square Foot Method) may indicate the need for additional information from the property owner
- The account should be reviewed or audited every three years

Example of Audit Selection Criteria #1

The Board of Assessors, consistent with Georgia law*, shall audit all personal property returns in County
over the course of a three-year time period. The criteria for account selection will be fair, unbiased,
random and consistent with the requirements of O.C.G.A. § 48-5-299**.
The selection process will occur as follows:

All accounts will be ranked in size according to their Fair Market Value to include seven categories –
- Class 1 Under $7501 (Exempt)
- Class 2 $7501-$50,000
- Class 3 $50,001-$250,000
- Class 4 $250,001-$1,000,000
- Class 5 $1,000,001-$5,000,000
- Class 6 $5,000,001-$50,000,000

Class 7 Over $50,000,000

- One third of each category will be audited each year of the three-year program
- The first account, and every third account thereafter will be selected for review until the number of audits has been performed for each year of the program.
- Class 1 accounts will be exempt for the selection criteria, but will be reviewed at least once every three years.
- All accounts that fail to file a return shall be audited each year.
- All accounts with excessive decreases will be audited as deemed necessary by the chief appraiser with approval from the board of assessors.
- All accounts with disposals reported but not detailed will be audited as deemed necessary by the chief appraiser with approval from the board of assessors.
- The list from which selections are made shall be made available for inspection upon request.

This policy shall not be so restrictive as to prevent any account from being audited as the need should
arise due to unforeseen circumstances. If additional audits outside of the scope of this policy should arise,
they shall be presented to the board of assessors for approval prior to review.

**APM: Audit Selection Criteria [section 560-11-10.08(4)(e)] – The appraisal staff shall recommend to* *the board of tax assessors a review and selection criteria, and the appraisal staff shall follow such criteria when adopted by the board. The criteria should be designed to maximize the number of personal property tax returns that may be reviewed or audited with existing resources. The criteria should be fair, unbiased, and developed consistent with the requirements of Code Section 48-5-299. All personal property accounts should be reviewed or audited at least once every three years.*

***O.C.G.A. § 48-5-299(a) – It shall be the duty of the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation. The board shall make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law.*

Example of Audit Selection Criteria #2

In accordance with Georgia law, O.C.G.A. § 48-5-299(a), the Board of Assessors are taxed with auditing personal property accounts.

It shall be the duty of the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the country and to require the proper return of the property for taxation.

In accordance with the Appraisal Procedures Manual (APM) (560-11-10.08(4)(e) "Audit selection criteria"), all personal property returns shall be audited once every three years.

The appraisal staff shall recommend to the board of tax assessors a review and audit selection criteria, and the appraisal shall follow such criteria when adopted by the board. The criteria should be designed to maximize the number of personal property returns that may be reviewed or audited with existing resources. The criteria should be fair, unbiased, and developed consistent with the requirements of Code section 48-5-299. All personal property accounts should be reviewed or audited at least once every three years.

As such the County Board of Assessors has adopted the following audit selection criteria for Commercial and Industrial accounts:

1. Business personal property accounts-Commercial
    a. Accounts with a current value of $1 up to $99,999
    b. Accounts with a current value of $100,000 up to $999,999
    c. Accounts with a current value of $1,000,000 and over
2. Business personal property accounts-Industrial
    a. Accounts with a current value of $1 up to $99,999
    b. Accounts with a current value of $100,000 up to $999,999
    c. Accounts with a current value of $1,000,000 and over

The County Board of Assessors has adopted the following audit and review criteria for Residential accounts:

1. Aircraft and Marine personal property accounts-Residential
    a. Accounts with a current value of under $7501
    b. Accounts with a current value of $7501 up to 49,999
    c. Accounts with a current value of $50,000 and over

A. All Residential accounts under an audit shall be reviewed to ascertain if the aircraft or boat is still registered with the proper authorities, domiciled in the county, and has a current value.

B. Every three years each subgroup in Commercial, Industrial, and Residential accounts starting with the first account and then the following fourth account continuing with every third account will be chosen for the first year. The second year will start with the second account in each subgroup and the following fifth account with every third account will be chosen. The third year shall start with the third account then the following sixth account and every third account thereafter.

C. If an account has failed to file a return, failed to file a current asset listing with the return, has excessive decreases, or any inaccuracies shall be audited each year. This policy shall not be so restrictive as to prevent any account from being audited as the needs should arise due to unforeseen circumstances. If additional audits of the scope of this policy should arise, they shall be presented to the Board of Assessors for approval prior to review.

D. The most current Audit Selectin list shall be available upon request.

Example of Audit Selection Criteria #3

PERSONAL PROPERTY PROCEDURES/ AUDIT SELECTION CRITERIA

The Board of Assessors, consistent with Georgia Law, shall audit all personal property accounts in the county over the course of a three-year time period. The criteria for account selection will be fair, unbiased, random and consistent with *O.C.G.A. 48-5-299.

Audit selection criteria:

Accounts will be sorted according to their NAICS Code (North American Industry Classification System). Accounts will be chosen starting from the top of this list and each year the list will start from the last account audited the previous year until all accounts, including boats and airplanes are audited over a three-year period. In addition, accounts may be selected at any time for any of the following, regardless of the three-year cycle:

1) No return has been filed in two years or more
2) The return listed disposals but did not include a disposal list
3) Two returns were filed for the same account and the values do not match
4) A retail business declaring $0 for inventory
5) A retail business declaring $0 for machinery, equipment, furniture & fixtures
6) Aircraft or boats declared to be inoperable
7) Accounts with inventory values that increased or decreased more than 20% in one year
8) New accounts
9) Boats and aircraft where a value was returned, and no other information was given
10) Late returns
11) Businesses that reported being closed
12) Accounts discovered from sources other than the owner filing a return
13) Accounts returning a value without a depreciation schedule

This policy shall not be so restrictive as to prevent any account from being audited as needed.

**O.C.G.A. 48-5-299(a) It shall be the duty of the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation. The board shall make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law.*

1.Scope of audit. The audit may be an advanced desk audit of certain additional property owner records that are voluntarily submitted or obtained by subpoena from the property owner or a complex on-site detailed audit of the property owner's books and records combined with a physical inspection of the personal property. The documents the appraisal staff should secure include, but are not limited to, schedules A, B, and C of form PT-50P, a balance sheet or other type of financial record that for a particular location reflects the business' book value as of January 1 of the tax year being audited; a ledger of capitalized personal property items held on January 1 of the tax year being audited, and an income statement.

An advanced desk audit requires the taxpayer to supply their financial records to the assessment office for review. The review of the records is conducted in the office rather than an examination of the physical assets on site. Accounting and property detail records are not usually required with the property owner's rendition, but these are requested to provide historical cost information to substantiate that the correct cost was reported and ensure equity among taxpayers.

1. General procedure. In applying the cost approach to personal property during a review or audit of a return, the appraiser shall identify the year acquired, and total acquisition costs, including installation, freight, taxes, and fees. The acquisition costs shall then be adjusted for inflation and deflation and then depreciated as appropriate to reflect current market values.

Advantages in desk audits include:

1. Being more cost effective for smaller value accounts (less travel)
2. The discovery of unreported (escaped) personal property

A complex on-site detailed audit is the most accurate. It is a combination of the desk audit and the physical inspection audit. A review of the records is conducted in the office and an examination of the physical assets on site. The physical inspection requires the auditor to travel to the business location and physically inspect the personal property to be valued. The purpose of the physical inspection is to list each taxable asset. Important items to note are:

1. Ownership of assets
2. Situs of the property as of tax day
3. Age and condition of the asset

The steps involved in performing a complex on-site detailed audit are listed below:

A. Mail a notification letter

B. Obtain copies of business personal property returns filed with the County taxing official for the years to be audited

C. Make contact by telephone or correspondence to determine status of records (if necessary).

D. Pre-audit preparation

E. Begin audit with preliminary questions and a physical inspection of business.

F. Review of financial records to determine business's taxable personal property by year of acquisition

G. Prepare audit findings

    1. Compile list of property
    2. Sort property list by year of acquisition
    3. Sort property list into economic life categories
    4. Calculate market value
    5. Determine why any discrepancies exist between the rendition or estimated value and the audited values

H. Notify taxpayer of audit findings

I. Prepare final audit report

J. Notify county assessing officials and examiners of Public Accounts as to findings of audit.

Records typically needed in both audits include but are not limited to:

- The rendition or statement for the tax years being audited
- A balance sheet value for the tax years being audited as of January 1
- A detailed ledger of capitalized personal property (equipment) for the tax years being audited as of January 1
- An income state for lease information materials and supplies, repairs and maintenance expenses for the tax years being audited

48-5-300.1. Time period for taxation of personal property; extension by consent; refunds

(a) Except as otherwise provided in this Code section or this title, the amount of any tax imposed under this chapter with respect to personal property may be assessed at any time.

(b) Except as otherwise provided by subsection (c) of this Code section or by this title, in the case where a return or report is filed or deemed to be filed for personal property, the amount of any tax imposed by this chapter shall be assessed within three years from the date the original tax bill was paid, unless such personal property in question is the subject of an audit by the board of tax assessors.

(c) Except as otherwise provided by this title, in the case of a false or fraudulent personal property tax return or report filed with the intent to evade tax, or if the property owner has been notified of a pending audit of personal property, the amount of any tax imposed by this chapter may be assessed at any time.

(d) Where, before the expiration of the time prescribed in this Code section for the assessment of any tax imposed by this chapter with respect to personal property, both the board of tax assessors and the person subject to assessment have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the agreed upon period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the previously agreed upon period. The board of tax assessors is authorized in any such agreement to extend similarly the period within which a claim for refund may be filed.

(e) If a claim for refund of such taxes paid for any taxable period is filed within the last six months of the period during which the board of tax assessors may assess the amount of such taxes, the assessment period shall be extended for a period of six months beginning on the day the claim for refund is filed.

(f) No action without assessment shall be brought for the collection of any such tax after the expiration of the period for assessment.

In order for the appraisal staff to effectively pursue a course of action that will lead them to discover any property not on the digest it becomes important for the involvement of the board of assessors. Therefore, the first order of business when beginning a comprehensive review and verification program is to seek approval from the BTA. This is the group that may delegate to the appraisal staff the authority to investigate the records of the taxpayer in order to discover if there is any property that is not on the digest. The board of assessors must make all decisions that relate to taxability and value.

(i) Notice to property owner. The lead appraiser shall ensure the property owner is sent a notice they have been selected for an audit of their personal property holdings for ad valorem tax purposes. The notice shall, at a minimum, indicate the following: the purposes and goals of the audit and the law authorizing the audit; the name of the lead appraiser who is primarily responsible for the conduct of the audit; the names of the members of the audit team that will be performing the audit; the number of years that will be audited; a description of the type records that should be made available; a description of how the audit will be conducted; the range of dates desired for the audit; and contact information should the property owner wish to contact the lead appraiser. The notice shall contain a statement that the lead appraiser will be contacting the property owner by telephone to establish the date and time of the audit and to determine the availability and location of records. At the conclusion of the audit, if there is sufficient evidence to warrant a recommended change of assessment, the lead appraiser shall have prepared a list of preliminary audit findings and provide such list to the property owner to afford them an opportunity to meet and discuss the findings and view any supporting schedules and documents relied upon by the individuals conducting the audit. After any such meeting requested by the property owner, the lead appraiser shall have prepared the final audit report and proposed assessment and provide a copy to the property owner and the board of tax assessors.

§ 48-5-305. Valuation of property not in digest

(a) The county board of tax assessors may provide, pursuant to rules or regulations promulgated by the board and consistent with this article, the manner of ascertaining the fair market value for taxation of any real or personal property not appearing in the digest of any year within the period of the statute of limitations.

(b) It is the purpose and intent of this Code section to confer upon the county board of tax assessors full power and authority necessary to have placed upon the digest an assessment of the fair market value of all property in the county of every character which is subject to taxation and for which either state or county taxes have not been paid in full.

(c) Nothing contained in this Code section shall apply to those persons who are required to make their returns to the commissioner.

(i) Use of subpoena. The appraiser should request the board of tax assessors to subpoena, within the limitations of their subpoena powers, any existing documents the property owner fails to provide voluntarily, when these documents are deemed by the appraiser to be critical to the audit. Since the appraiser may not request a subpoena for documents that do not presently exist in the format needed, the appraiser should seek existing documents held by the property owner and solicit the owner's voluntary cooperation in obtaining these documents.

Subpoena Requirements

1. The subpoena must be signed by the board of tax assessors.
2. The respondents must be given 5 days to produce said documents.
3. A hearing must be scheduled.

What documents can and cannot be subpoenaed?

(f) Property owner records. The appraisal staff should first endeavor to obtain the records necessary to substantiate the information returned or reported by the property owner through the voluntary cooperation of the property owner. When such voluntary cooperation is not forthcoming, and the records requested from the property owner are believed by the appraiser to be critical to a proper appraisal of the personal property, the appraiser may request that the board of tax assessors issue an appropriate subpoena for such records. The appraiser may request that the board of tax assessors issue an appropriate subpoena for the testimony of any individuals the appraiser believes poses knowledge critical to determination of the fair market value of the property owner's personal property.

1. Record types. The types of records the appraisal staff may request the board of tax assessors to issue subpoenas for include, but are not limited to, the following: chart of accounts, general ledger, detailed subsidiary ledgers, journals of original entry, balance sheet, income statement, annual report, Securities Exchange Commission Form 10K. The types of records the appraisal staff may not request the board of tax assessors to issue subpoenas for include the following:

(i) Income tax returns. Forms and schedules authorized by the Internal Revenue Service or the revenue collecting agencies of the several states for use in filing income tax returns to those agencies;
(ii) Property appraisals. A property appraisal that the property owner has obtained prior to any appeal that is filed as a result of a change of assessment being made to the property owner's personal property;

(iii) Insurance policies. An insurance policy that may contain valuation estimates of the insured personal property; or

(iv) Tenant sales information. A rent roll or document containing the individual tenant sales information on the property owner's rented or leased personal property.

What is CONTEMPT?
Contumacy; a willful disregard of the authority of a court of justice or legislative body or disobedience to its lawful orders. Contempt of court is committed by a person who does any act in willful contravention of its authority or dignity, or tending to impede or frustrate the administration of justice, or by one who, being under the court's authority as a party to a proceeding therein, willfully disobeys its lawful orders or fails to comply with an undertaking which he has given.
Black Law Dictionary

On the other hand, a taxpayer maybe found in contempt of court for failing to provide documents or information subpoenaed by the County Board of Tax Assessors where a hearing was scheduled. On the following pages, an order for contempt is filed in Miller County Superior Court for the failure to produce documents subpoenaed by the Miller County Board of Tax Assessors.

JUDICIAL DECISION

Fulton County Bd. of Assessors v. Saks Fifth Ave., 248 Ga. App. 836 (2001)

Appellant could only access a taxpayer's confidential business records in an on-premise investigative audit pursuant to Ga. Code Ann. § 48-5-299, or to subpoena those records authorized by Ga. Code Ann. § 48-5-300 to a hearing. The Due Process Clauses of U.S. Const. amend. XIV and Ga. Const. art. I, § 1, Par. 1 (1976) required notice and a hearing by an administrative agency before action could be taken affecting a citizen's constitutional or property rights. Appellant had no authority to issue subpoenas for discovery purposes in connection with tax audits pursuant to § 48-5-299 or to require a taxpayer to produce copies of records for appellant's use, except by subpoena under § 48-5-300. A contractor retained by a board of assessors to conduct an audit could access confidential materials essential to the performance of the contract. The issuance of a protective order, until the parties executed a confidentiality agreement, was error, but the trial court had full authority to determine what restrictions and limitations were appropriate under the circumstances. Appellant could only use appellee's information for purposes specified by law.

The trial court's order was vacated and the case remanded for further proceedings because the trial court's protective order was premature, without a confidentiality agreement being entered into by the parties. Appellant's only authority to access appellee's records was for an on-site audit or by subpoena to a lawfully scheduled hearing.

Chart of Accounts (COA)

COA is a numerical listing of the names of all the accounts used by an organization. Different type of businesses will have different accounts customized to meet the needs of the business (i.e. service business, merchandising business or manufacturing business). The COA is a starting point for the appraiser to substantiate personal property returned or discover inventory, MEFF and other taxable personal property not reported by the property owner. If the books are properly kept, the taxpayer will have an account representing assets acquired, disposed and leased.

Journal of Original Entry

A journal is the first formal recording of a business transaction. The journal provides a complete record of each transaction in chronological order. There are several features of the journal that are important to the appraiser. The date column which records the date the transaction occurs, the account title column which records the name of the account affected by the transaction and the two money columns labeled debit and credit used to record the dollar amount of the transaction. The purchase of office equipment, office supplies, and medical supplies recorded in this journal entry are of interest to the personal property appraiser. If books are kept properly, the general journal can substantiate the acquisition or disposal date, the description of the personal property and the cost. Questionable recorded transaction amounts should be cross-referenced with source documents (i.e., purchase orders, invoices) to remove any trade and cash discounts.

Detailed Subsidiary Ledger & General Ledger

To obtain a summary of the information recorded in the journal, the information must be transferred from the journal to the detailed subsidiary ledgers or the general ledger controlling account. The process of transferring amounts from the journal to the ledger is called posting. Subsidiary ledgers contain the details to support a general ledger control account. Subsidiary ledgers are useful when there are multiple similar accounts like accounts receivable (customer A, customer B, etc) or accounts payable (i.e., Creditor A, Creditor B, etc.) or inventory (Product A, Product B, etc.). These subsidiary ledgers should be reconciled to related general ledger controlling account.

Subsidiary ledgers can serve as a prime source when the personal property appraiser is verifying figures on schedules and Freeport applications. For example, inventory subsidiary ledgers can be separately prepared for different inventory types (i.e., raw materials, work in process, finished goods, spare parts) and contain aggregate amounts for raw material, transfers to finished goods, etc. If a perpetual inventory system is used, the amount of each type of inventory should be available in a subsidiary inventory ledger as of the valuation date.

Balance Sheet

The balance sheet is one of the major financial statements used by business owners. It is described as a snapshot of the company financial position at a point in time. For example, the amounts reported on a balance sheet dated December 31, 2014 reflect that instant when all the transactions through December 31 have been recorded. Due to that reason, it’s a great source for a personal property appraiser in determining what a business actually owns as of the date of valuation.

Income Statement
The income statement shows a summary of a business’ revenue and expenses for a specific period of time such as a month or a year. The personal property appraiser can review the income statement to determine if the business is leasing any property, material and supplies actually used by the business, repairs and maintenance costs that improve service potential or extend economic life of an asset.

Annual Report & Securities Exchange Commission Form 10-K
An annual report to shareholders is often a “glossy” document that must be sent to the company’s shareholders when it holds an annual meeting to elect directors. A Form 10-K is an annual report required by the U.S. Securities and Exchange Commission (SEC) that is a comprehensive report used by public companies to disclose a company’s activities throughout the preceding year to their shareholders. The annual report to shareholders and the annual report on Form 10K are two distinct documents even though some companies combine both documents into one. Annual reports are intended to give shareholders and other interested people information about the company’s activities and financial performance.

An understanding of the taxpayer’s business and industry is crucial in order for an appraiser to conduct an adequate review of a return. Annual reports and Form 10--Ks can provide a wealth of qualitative and quantitative information to an appraiser about the company’s business processes and operations such as locations, raw materials used in the manufacturing process, the various products produced by the company, year-end information on finished goods, contractual obligations for leasing and purchasing, methodology utilized to determine the cost of inventory and depreciate leasehold improvements, machinery and equipment. It would be advantageous to the appraiser to review annual reports if available. A variety of annual reports searchable by exchange, industry, sector or alphabet can be found at www.annualreports.com

Confidentiality of Data

§ 48-5-314. Confidentiality of taxpayer records; exceptions; penalties

(a) (1) All records of the county board of tax assessors which consist of materials other than the return obtained from or furnished by an ad valorem taxpayer shall be confidential and shall not be subject to inspection by any person other than authorized personnel of appropriate tax administrators. As an illustration of the foregoing, materials which are confidential shall include, but shall not be limited to, taxpayers' accounting records, profit and loss statements, income and expense statements, balance sheets, and depreciation schedules. Such information shall remain confidential when it is made part of an appeal file. Nothing in this Code section, however, shall prevent any disclosure necessary or proper to the collection of any tax in any administrative or court proceeding.

(2) Records which consist of materials containing information gathered by personnel of the county board of tax assessors, such as field cards, shall not be confidential and are subject to inspection at all times during office hours. The provisions of this paragraph shall not remove the confidentiality of materials such as are specified in paragraph (1) of this subsection.

(3) Failure of the county board of tax assessors to make available records which are not confidential as provided in paragraph (2) of this subsection shall be a misdemeanor.

(b) Any person who knowingly and willfully furnishes information which is confidential under this Code section to a person who is not authorized by law to receive such information shall upon conviction be subject to a civil penalty not to exceed $1,000.00.

2. Contracts with auditing specialists. The appraiser shall secure non-disclosure statements from any contracted audit specialist to ensure that such specialist shall conform with the confidentiality provisions of Code section 48-5-314 and shall not disclose the property owner's confidential records to unauthorized persons or use such confidential records for purposes other than the county's review for ad valorem tax purposes of the tax return and supporting documentation. The appraisal staff shall provide a copy of such non-disclosure statement to the property owner upon such owner's request. The appraiser shall not recommend to the board of tax assessors any contract or agreement with an audit specialist that provides for such specialist to contingently share a percentage of the tax collected as a result of any audits such specialist may perform.

When personal property has been discovered that was not reported by the owner:

(a) Omissions and undervaluations. If not otherwise prohibited by law or this Rule, the appraisal staff shall recommend an additional assessment to the board of tax assessors when any review or audit reveals that a property owner has omitted from their return any property that should be returned or has failed to return any of their property at its fair market value. The appraisal staff shall recommend a reduced assessment to the board of tax assessors when any review or audit reveals that a property owner has overstated the amount of personal property subject to taxation.

(b) Reassessments. The appraisal staff shall recommend to the board of tax assessors a new assessment when the property owner has omitted personal property from their return or failed to return personal property at its fair market value, when such omission or undervaluation has been discovered by an audit conducted pursuant to Rule 560-11-10-.08(4)(d). The appraisal staff shall not be precluded from conducting such an audit merely because a change of assessment has been made on the personal property as a result of a review conducted pursuant to Rule 560-11-10-.08(4)(c). However, the appraisal staff may not recommend to the board of tax assessors a reassessment of the same personal property for which an audit has been conducted pursuant to Rule 560-11-10-.08(4)(d) and a final assessment has already been made by the board.

§ 48-5-306. Annual notice of current assessment; contents; posting notice; new assessment Description

(a) Method of giving annual notice of current assessment to taxpayer. Each county board of tax assessors may meet at any time to receive and inspect the tax returns to be laid before it by the tax receiver or tax commissioner. The board shall examine all the returns of both real and personal property of each taxpayer, and if in the opinion of the board any taxpayer has omitted from such taxpayer's returns any property that should be returned or has failed to return any of such taxpayer's property at its fair market value, the board shall correct the returns, assess and fix the fair market value to be placed on the property, make a note of such assessment and valuation, and attach the note to the returns. The board shall see that all taxable property within the county is assessed and returned at its fair market value and that fair market values as between the individual taxpayers are fairly and justly equalized so that each taxpayer shall pay as nearly as possible only such taxpayer's proportionate share of taxes. The board shall give annual notice to the taxpayer of the current assessment of taxable real property. When any corrections or changes, including valuation increases or decreases, or equalizations have been made by the board to personal property tax returns, the board shall give written notice to the taxpayer of any such changes made in such taxpayer's returns.

A change of assessment should be created for the variance amount for the difference between the value on the NOA and the value discovered by the audit.

Example:
The review of a personal property account has been completed. According to the account records supplied by the owner, the appraisal staff noted the following:

Variances resulted from Equipment and Inventory.

Equipment was assessed at $170,000, the audit revealed omissions and undervaluation's and the true value determined was $300,000. Inventory was assessed at $1,000 and the value determined from the audit was $7,000.

	EQPT & CIP	INV & SUPP	100% FMV	40% ASSESSED
ACTUAL	$ 300,000	$ 7,000	$ 307,000	$ 122,800
100% ASSESSED	$ 170,000	$ 1,000	$ 171,000	$ 68,400
VARIANCE	$ 130,000	$ 6,000	$ 136,000	**$ 54,400**

Thus, a change of assessment notice should be issued for $54,400 and flagged for a 10% penalty to be added by TCO on the amount of tax due.

§ 48-5-299. Ascertainment of taxable property; assessments against unreturned property; penalty for unreturned property; changing real property values established by appeal in prior year

(a) It shall be the duty of the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation. The board shall make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law. In all cases where the full amount of taxes due the state or county has not been paid, the board shall assess against the owner, if known, and against the property, if the owner is not known, the full amount of taxes which has accrued, and which may not have been paid at any time within the statute of limitations. In all cases where taxes are assessed against the owner of property, the board may proceed to assess the taxes against the

owner of the property according to the best information obtainable; and such assessment, if otherwise lawful, shall constitute a valid lien against the property so assessed.
(b) In all cases in which unreturned personal property is assessed by the board after the time provided by law for making tax returns has expired, the board shall add to the assessment of the property a penalty of 10 percent, which shall be included as a part of the taxable value for the year.
(c) When the value of real property is reduced or is unchanged from the value on the initial annual notice of assessment or a corrected annual notice of assessment issued by the board of tax assessors and such valuation has been established as the result of an appeal decision rendered by the board of equalization, hearing officer, arbitrator, or superior court pursuant to Code Section 48-5-311 or stipulated by written agreement signed by the board of tax assessors and taxpayer or taxpayer's authorized representative, the new valuation so established by appeal decision or agreement may not be increased by the board of tax assessors during the next two successive years, unless otherwise agreed in writing by both parties, subject to the following exceptions:

(1) This subsection shall not apply to a valuation established by an appeal decision if the taxpayer or his or her authorized representative failed to attend the appeal hearing or provide the board of equalization, hearing officer, or arbitrator with some written evidence supporting the taxpayer's opinion of value;

(2) This subsection shall not apply to a valuation established by an appeal decision or agreement if the taxpayer files a return at a different valuation during the next two successive years;

(3) Unless otherwise agreed in writing by both parties, if the taxpayer files an appeal pursuant to Code Section 48-5-311 during the next two successive years, the board of tax assessors, the board of equalization, hearing officer, or arbitrator may increase or decrease the value of the real property based on the evidence presented by the taxpayer during the appeal process; and

(4) The board of tax assessors may increase or decrease the value of the real property if, after a visual on-site inspection of the property, it is found that there have been substantial additions, deletions, or improvements to such property or that there are errors in the board of tax assessors' records as to the description or characterization of the property, or the board of tax assessors finds an occurrence of other material factors that substantially affect the current fair market value of such property.

(d) When real or personal property is located within a municipality whose boundaries extend into more than one county, it shall be the duty of each board of tax assessors of a county, wherein a portion of the municipality lies, to cooperatively investigate diligently into whether the valuation of such property is uniformly assessed with other properties located within the municipality but outside the county where such property is located. Such investigation shall include, but is not limited to, an analysis of the assessment to sales ratio of properties that have recently sold within the municipality and a comparison of the average assessment level of such properties by the various counties wherein a portion of the municipality lies. The respective boards shall exchange such information as will facilitate this investigation and make any necessary adjustments to the assessment of the real and personal property that is located in their respective counties within the municipality to achieve a uniform assessment of such property throughout the municipality. Any uniformity adjustments pursuant to this subsection shall only apply to the assessment used for municipal ad valorem tax purposes within the applicable county.

Audit Findings Letter Sample

«Date»

«Title» «First_Name» «Last_Name»
«Company_Name»
«Address_Line_1»
«Address_Line_2»
«City», «State» «ZIP_Code» Dear «Title» «Last_Name»:

The audit of the above account has been completed. According to your accounting records, we note the following:

REVISED: Under the appeal, additional information was provided to better value motel furniture, fixtures, and equipment. We had originally "sound value" the 1998 acquisition of furniture and equipment resulting from a 1031 exchange of properties. Since this furniture and equipment represents an approximate historical cost and not an arbitrary allocation, we have allowed this amount to be depreciated for each tax year audited. This is a fair valuation of this 1998 furniture and equipment. No other adjustments were made to this audit.

1. The machinery, equipment, furniture and fixtures values assessed did not agree with the values determined from this audit. Variances resulted for all tax years audited and were the result of two valuation not reported, and it appears to have been included with the real property building value. We classified $75,000, at cost, for this signage and included it under in-service year 1995. Second, when the hotel was purchased in 1998, the net book value or fair market value was recorded in the financial statements not at original cost. While this is acceptable for generally accepted accounting principal reporting, the book value cannot be entered into Schedule A and reduced in value further from original cost. Therefore, we "sound valued" the 1998 allocated purchase price of furniture and fixtures and recognized this amount as the floor valuation of such assets.

2. Inventory is not applicable to this account/location and, accordingly, will have no effect on the overall audit results.

3. Office and operating supplies were under assessed for all tax years audited, resulting in variances. We estimated supplies by calculating a one month's "supplies on hand" amount from the direct expensed supply accounted for breakfast foods, operating supplies, cleaning supplies, and all guest supplies.

We propose to make the following changes:

TAX YEAR	EQUIPMENT	CIP	INV & SUP	NET	PENALTY
2013	$ 21,000	$ -	$ 8,000	$ 29,000	10%
2012	$ 41,000	$ -	$ 6,000	$ 47,000	10%
2011	$ 51,000	$ -	$ 7,000	$ 58,000	10%

Your client has been mailed a change of value (assessment) notice for each listed tax year(s). These values will become final unless a written appeal is received by this office within 45 days from the date of this letter. Only a U.S. Postal Service postmark is acceptable proof of a timely filing. If you file an appeal, you may be contacted for a hearing with the Board of Equalization. Please note that the Board of Assessors have no legal power to abate penalties. Under the Official Code of Georgia Annotated, section 48-5-242, the authority to abate penalties has been granted to the "governing authority" of the county and such should be requested in writing. Any request for removal of a penalty needs to be made through the office of the County Commissioners.

If you have any questions about these changes, you may call me at (XXX) XXX-XXXX.

Best regards,

Personal Property Manager

Forms

PT - 50A

FROM

MAIL TO

OFFICIAL TAX MATTER

AIRCRAFT PERSONAL PROPERTY TAX RETURN AND SCHEDULES

PRINT CLEAR

AIRCRAFT

PERSONAL PROPERTY TAX RETURN

THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

To avoid a 10% penalty on aircraft not previously returned, file this return no later than the due date listed above. This return is provided to you so you may return the fair market value of your aircraft for this tax year. The return and supporting schedule must be completed and returned in order for the aircraft to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C).

TAX SITUS (WHERE YOU LIVE) CHECK ONE

☐ UNINCORPORATED AREA

☐ CITY OF (LIST):

IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW.

NAME:

ADDRESS:

CITY, STATE, ZIP:

PERSONAL PROPERTY STRATA

A. AIRCRAFT- INCLUDES AIRPLANES, ROTOCRAFT, AND LIGHTER THAN AIR VEHICLES. COMMERCIAL AIRLINE AIRCRAFT ARE RETURNED TO THE STATE REVENUE COMMISSIONER.

AIRCRAFT SHALL BE RETURNED TO THE COUNTY WHERE PRIMARY HOME BASE IS LOCATED. LIST THE FAIR MARKET VALUE OF ALL AIRCRAFT UNDER TAXPAYER RETURN COLUMN BELOW.

	TAXPAYER RETURN VALUE AS OF JAN. 1 THIS YEAR	FOR TAX OFFICE USE ONLY (TAX ASSESSORS VALUE)
AIRCRAFT NUMBER 1 REGISTRATION N #:		
AIRCRAFT NUMBER 2 REGISTRATION N #:		
AIRCRAFT NUMBER 3 REGISTRATION N #:		
AIRCRAFT NUMBER 4 REGISTRATION N #:		
AIRCRAFT NUMBER 5 REGISTRATION N #:		
TOTAL		

It shall be the duty of the County Board of Tax Assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER'S DECLARATION

"I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein."

TAXPAYER OR AGENT X ______________________ TITLE __________ DATE ____________

OWNERS PHONE NUMBER: (Home) ______________________ (DayTime) ______________________

INSTRUCTIONS

INSTRUCTIONS FOR PAGE ONE – AIRCRAFT PERSONAL PROPERTY TAX RETURN

1. Aircraft shall be returned to the county where principally hangered or tied down and out of which its flights normally originate.

2. The return is considered public information and will be open for public inspection.

3 If taxpayer name or address is incorrect, please correct in the space provided.

4. To avoid a 10% penalty, on aircraft not previously returned, this return must be filed no later than date listed under the due date column on page one.

5. This tax return is provided for the taxpayer to report the fair market value of all aircraft owned on January 1, this year.

6. The fair market value should be listed under the column headed taxpayer return value as of January 1, this year, page 1.

7. Taxpayer declaration: This declaration must be signed by the owner or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE E (AIRCRAFT)

1. This schedule is considered confidential information and not open to public inspection O.C.G.A. § 48-5-314. Returns are public information.

2. All information about the aircraft should be listed in order for the Board of Assessors to determine the proper assessment.

3. If the aircraft has been sold or traded and you did not own it on January 1, this year, please list the name and address of new owner in order for the items to be removed from your account.

4. Listing anything that is functionally wrong with your aircraft on the bottom of page three. This will help the Board of Assessors make a proper assessment.

5. Additional aircraft may be listed on the back of Schedule E. Attach additional sheets if necessary.

6. Avionics and extra equipment should be listed under the column headed avionics and extra equipment.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board of Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal, is subject to taxation in the county and to require its proper return for taxation.

2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers or documents, by subpoena if necessary, which may aid in determining the proper assessment.

3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe, the forms, books and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books and records to be used in the listing, appraisal and assessment of property and how the forms, books and records shall be compiled and kept.

4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of a uniform procedural manual for appraising tangible real and personal property.

5. This return and schedule is submitted to you for your completion in accordance with the above sections of the Georgia Code.

AIRCRAFT SCHEDULE E

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL INFORMATION AND NOT OPEN FOR PUBLIC INSPECTION. RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

TAX SITUS (WHERE YOU LIVE) CHECK ONE ☐ UNINCORPORATED AREA
☐ CITY OF (LIST)

AIRCRAFT # 1

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY ________________ COUNTY ________________ STATE ________

REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVERHAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 2

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY ________________ COUNTY ________________ STATE ________

REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVERHAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

Is there anything functionally wrong with your aircraft? Yes ☐ No ☐ If yes, please provide the Board of Assessors with information in order for them to make a proper assessment. (List Below)	NAME OF PURCHASER: ________________ ADDRESS: ________________ CITY, STATE, ZIP: ________________ DATE SOLD: ________ SALE PRICE: ________ DESCRIPTION ________________
If you sold or traded your aircraft and did not own on January 1, this year, this section should be completed in order for the items to be removed from your account. ➤	
If purchased used this year, list the name and address of the previous owner. ➤	NAME: ________________ ADDRESS: ________________ CITY, STATE, ZIP: ________________

List anything functionally wrong with your aircraft: ________________

LIST ADDITIONAL AIRCRAFT AND AVIONICS ON THE BACK OF THIS FORM. ATTACH ADDITIONAL SHEETS IF NEEDED. ➞

AIRCRAFT # 3

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY_______________STATE ______

REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 4

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY_______________STATE ______

REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 5

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY_______________STATE ______

REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

Is there anything functionally wrong with your aircraft? Yes ☐ No ☐
If yes, please provide the Board of Assessors with information in order for them to make a proper assessment. (List Below)

If you sold or traded your aircraft and did not own on January 1, this year, this section should be completed in order for the items to be removed from your account. ➤

NAME OF PURCHASER: ______________________
ADDRESS: ______________________
CITY, STATE, ZIP: ______________________
DATE SOLD: ____________ SALE PRICE: ____________
DESCRIPTION ______________________

If purchased used this year, list the name and address of the previous owner. ➤

NAME: ______________________
ADDRESS: ______________________
CITY, STATE, ZIP: ______________________

List anything functionally wrong with your aircraft: ______________________

PT - 50A

FROM

MAIL TO

OFFICIAL TAX MATTER

AIRCRAFT PERSONAL PROPERTY TAX RETURN AND SCHEDULES

PRINT CLEAR

AIRCRAFT

PERSONAL PROPERTY TAX RETURN

THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

To avoid a 10% penalty on aircraft not previously returned, file this return no later than the due date listed above. This return is provided to you so you may return the fair market value of your aircraft for this tax year. The return and supporting schedule must be completed and returned in order for the aircraft to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C).

TAX SITUS (WHERE YOU LIVE) CHECK ONE

☐ UNINCORPORATED AREA

☐ CITY OF (LIST):

IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW.

NAME:

ADDRESS:

CITY, STATE, ZIP:

PERSONAL PROPERTY STRATA	AIRCRAFT SHALL BE RETURNED TO THE COUNTY WHERE PRIMARY HOME BASE IS LOCATED. LIST THE FAIR MARKET VALUE OF ALL AIRCRAFT UNDER TAXPAYER RETURN COLUMN BELOW.	
A. AIRCRAFT- INCLUDES AIRPLANES, ROTOCRAFT, AND LIGHTER THAN AIR VEHICLES. COMMERCIAL AIRLINE AIRCRAFT ARE RETURNED TO THE STATE REVENUE COMMISSIONER.	TAXPAYER RETURN VALUE AS OF JAN. 1 THIS YEAR	FOR TAX OFFICE USE ONLY (TAX ASSESSORS VALUE)
AIRCRAFT NUMBER 1 REGISTRATION N #:		
AIRCRAFT NUMBER 2 REGISTRATION N #:		
AIRCRAFT NUMBER 3 REGISTRATION N #:		
AIRCRAFT NUMBER 4 REGISTRATION N #:		
AIRCRAFT NUMBER 5 REGISTRATION N #:		
TOTAL		

It shall be the duty of the County Board of Tax Assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER'S DECLARATION

"I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein."

TAXPAYER OR AGENT X ______________________ TITLE __________ DATE ____________

OWNERS PHONE NUMBER: (Home) ______________________ (DayTime) ______________________

INSTRUCTIONS

INSTRUCTIONS FOR PAGE ONE – AIRCRAFT PERSONAL PROPERTY TAX RETURN

1. Aircraft shall be returned to the county where principally hangered or tied down and out of which its flights normally originate.

2. The return is considered public information and will be open for public inspection.

3 If taxpayer name or address is incorrect, please correct in the space provided.

4. To avoid a 10% penalty, on aircraft not previously returned, this return must be filed no later than date listed under the due date column on page one.

5. This tax return is provided for the taxpayer to report the fair market value of all aircraft owned on January 1, this year.

6. The fair market value should be listed under the column headed taxpayer return value as of January 1, this year, page 1.

7. Taxpayer declaration: This declaration must be signed by the owner or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE E (AIRCRAFT)

1. This schedule is considered confidential information and not open to public inspection O.C.G.A. § 48-5-314. Returns are public information.

2. All information about the aircraft should be listed in order for the Board of Assessors to determine the proper assessment.

3. If the aircraft has been sold or traded and you did not own it on January 1, this year, please list the name and address of new owner in order for the items to be removed from your account.

4. Listing anything that is functionally wrong with your aircraft on the bottom of page three. This will help the Board of Assessors make a proper assessment.

5. Additional aircraft may be listed on the back of Schedule E. Attach additional sheets if necessary.

6. Avionics and extra equipment should be listed under the column headed avionics and extra equipment.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board of Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal, is subject to taxation in the county and to require its proper return for taxation.

2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers or documents, by subpoena if necessary, which may aid in determining the proper assessment.

3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe, the forms, books and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books and records to be used in the listing, appraisal and assessment of property and how the forms, books and records shall be compiled and kept.

4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of a uniform procedural manual for appraising tangible real and personal property.

5. This return and schedule is submitted to you for your completion in accordance with the above sections of the Georgia Code.

AIRCRAFT SCHEDULE E

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL
INFORMATION AND NOT OPEN FOR PUBLIC INSPECTION.
RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

TAX SITUS (WHERE YOU LIVE) CHECK ONE ☐ UNINCORPORATED AREA
☐ CITY OF (LIST)

AIRCRAFT # 1

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY________________ STATE ________

	AVIONICS AND EXTRA EQUIPMENT
REGISTRATION "N" #:	
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVERHAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 2

AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY________________ STATE ________

	AVIONICS AND EXTRA EQUIPMENT
REGISTRATION "N" #:	
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVERHAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

Is there anything functionally wrong with your aircraft? Yes ☐ No ☐ If yes, please provide the Board of Assessors with information in order for them to make a proper assessment. (List Below)	NAME OF PURCHASER: ____________________ ADDRESS: ____________________ CITY, STATE, ZIP: ____________________
If you sold or traded your aircraft and did not own on January 1, this year, this section should be completed in order for the items to be removed from your account. ➤	DATE SOLD: ____________ SALE PRICE: ____________ DESCRIPTION ____________________
If purchased used this year, list the name and address of the previous owner. ➤	NAME: ____________________ ADDRESS: ____________________ CITY, STATE, ZIP: ____________________

List anything functionally wrong with your aircraft: ____________________

LIST ADDITIONAL AIRCRAFT AND AVIONICS ON THE BACK OF THIS FORM. ATTACH ADDITIONAL SHEETS IF NEEDED. ➞

AIRCRAFT # 3	
AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY _______________ STATE ______	
REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 4	
AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY _______________ STATE ______	
REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	

AIRCRAFT # 5	
AIRPORT WHERE AIRCRAFT PRIMARY HOME BASED - CITY________________ COUNTY _______________ STATE ______	
REGISTRATION "N" #:	**AVIONICS AND EXTRA EQUIPMENT**
MFG. NAME: (MAKE)	
MODEL NAME OR #:	
YEAR BUILT:	
SERIAL NUMBER:	
DATE PURCHASED	
PURCHASED: NEW ☐ USED ☐	
COST:	
HOURS BETWEEN OVERHAULS (TBO):	
HOURS SINCE LAST OVERHAUL:	
LAST OVER HAUL: MAJOR ☐ TOP ☐	NOTE: Please submit a copy of your log book to substantiate T.B.O. and airframe hours.
TOTAL HOURS ON AIRFRAME AS OF JAN. 1:	
Is there anything functionally wrong with your aircraft? Yes ☐ No ☐ If yes, please provide the Board of Assessors with information in order for them to make a proper assessment. (List Below)	NAME OF PURCHASER: ____________________ ADDRESS: ____________________ CITY, STATE, ZIP: ____________________ DATE SOLD: ____________ SALE PRICE: ____________ DESCRIPTION ____________________
If you sold or traded your aircraft and did not own on January 1, this year, this section should be completed in order for the items to be removed from your account. ➤	
If purchased used this year, list the name and address of the previous owner. ➤	NAME: ____________________ ADDRESS: ____________________ CITY, STATE, ZIP: ____________________

List anything functionally wrong with your aircraft: ____

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PT-50M

FROM

MAIL TO

OFFICIAL TAX MATTER

MARINE PERSONAL PROPERTY TAX RETURN AND SCHEDULES

PRINT CLEAR

MARINE PERSONAL PROPERTY TAX RETURN THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION RETURN COMPLETED FORM TO ADDRESS LISTED BELOW	TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER
	DUE DATE	OWNERS PHONE NUMBER (LIST)	

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS
To avoid a 10% penalty on boats and motors not previously returned, file this return no later than the due date listed above. This return is provided to you so you may return the fair market value of your boat and motor for this tax year. The return and supporting schedule must be completed and returned in order for the boat and motor to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C).	TAX SITUS (WHERE YOU LIVE) CHECK ONE ☐ UNINCORPORATED AREA ☐ CITY OF (LIST): IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW. NAME: ADDRESS: CITY, STATE, ZIP:

PERSONAL PROPERTY STRATA	BOATS SHALL BE RETURNED TO THE COUNTY WHERE LOCATED 184 DAYS A YEAR OR MORE. LIST THE FAIR MARKET VALUE OF ALL BOATS AND MOTORS BELOW (EXCLUDE TRAILER).	
B - BOATS AND MOTORS - INCLUDE ALL CRAFT IN AND ABOVE THE WATER, THE MOTORS BUT NOT THE LAND TRANSPORT VEHICLES (TRAILERS).	TAXPAYER RETURN VALUE AS OF JAN. 1 THIS YEAR	FOR TAX OFFICE USE ONLY (TAX ASSESSORS VALUE)
BOAT AND MOTOR NUMBER 1 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 2 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 3 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 4 GA. REGISTRATION#:		
BOAT AND MOTOR NUMBER 5 GA REGISTRATION #:		
FEDERAL DOCUMENTED VESSEL #1 COAST GUARD NUMBER:		
FEDERAL DOCUMENTED VESSEL # 2 COAST GUARD NUMBER:		
TOTAL		

It shall be the duty of the county board of tax assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER’S DECLARATION

“I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein.”

TAXPAYER OR AGENT X ____________________ TITLE ____________ DATE ____________

OWNERS PHONE NUMBER: (Home) ____________________ (DayTime) ____________________

INSTRUCTIONS

INSTRUCTIONS FOR PAGE ONE – MARINE PERSONAL PROPERTY TAX RETURN

1. Boats shall be returned to the county where located 184 days a year or more.
2. The return is considered public information and will be open for public inspection.
3 If taxpayer name or mailing address is incorrect, please correct in the space provided.
4. To avoid a 10% penalty on boats and motors not previously returned, this return must be filed no later than date listed under the due date column on page one.
5. This return is provided for the taxpayer to report the fair market value of all boats and motors owned on January 1, this year.
6. The fair market value should be listed under the column headed taxpayer return value as of January 1, this year, page one.
7. Fair market value of boats and motors should not include the value of the trailer. Taxes on trailers are paid when tag is purchased.
8. Taxpayer declaration: This declaration must be signed by the owner or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE D (MARINE)

1. This schedule is considered confidential information and not open to public inspection O.C.G.A. § 48-5-314. Returns are public information.
2. All information about the boat and motor should be listed in order for the Board of Tax Assessors to determine the proper assessment.
3. If the boat and motor has been sold or traded and you did not own on January 1, this year, please list the name and address of new owner in order for the items to be removed from your account.
4. Additional boats and motors and federal documented vessels may be listed on the back of Schedule D. Attach additional sheets if necessary.
5. Attach a listing of anything that is functionally wrong with your boat and motor. This will help the Board of Assessors make a proper assessment.
6. Boat and motor accessory equipment, such as trolling motors, should be listed on the back of Schedule D.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board to Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal, is subject to taxation in the county and to require its proper return for taxation.
2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers or documents, by subpoena if necessary, which may aid in determining the proper assessment.
3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe, the forms, books and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books and records to be used in the listing, appraisal and assessment of property and how the forms, books and records shall be compiled and kept.
4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of a uniform procedural manual for appraising tangible real and personal property.
5. This return and schedule is submitted to you for your completion in accordance with the above sections of the Georgia Code.

MARINE SCHEDULE D

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL INFORMATION AND NOT OPEN FOR PUBLIC INSPECTION. RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

TAX SITUS (WHERE YOU LIVE) CHECK ONE ☐ UNINCORPORATED AREA
☐ CITY OF (LIST)

BOAT # 1

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #1 (LIST):	**MOTOR # 1**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON
☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 2

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #2 (LIST):	**MOTOR # 2**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON
☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

LIST ALL BOAT AND MOTOR ACCESSORY EQUIPMENT ON THE BACK OF THIS FORM. EXAMPLE - TROLLING MOTOR, ETC.

Is there anything functionally wrong with your boat and motor? Yes ☐ No ☐. If yes, please provide the Board of Assessors with documentation in order for them to make a proper assessment.

If you sold or traded your boat and motor and did not own on January 1 this year, this section should be completed in order for the items to be removed from your account. ➤

NAME OF PURCHASER: ____________________
ADDRESS: ____________________
CITY, STATE, ZIP: ____________________
DATE SOLD: ____________ SALE PRICE: ________
DESCRIPTION ____________________

If purchased used this year, list the name and address of the previous owner. ➤

NAME: ____________________
ADDRESS: ____________________
CITY, STATE, ZIP ____________________

FEDERAL DOCUMENTED VESSEL #1

TYPE AND USE OF VESSEL: ____________________
VESSEL NAME: ____________ LENGTH: ________ YEAR BUILT: ________ HULL MATERIAL: ________
HORSEPOWER AND TYPE OF ENGINE: ____________ COAST GUARD NUMBER: ____________
YEAR PURCHASED: ________ PURCHASED: NEW ☐ USED ☐ AMOUNT OF PURCHASE: ________
HOME PORT: ____________________ WHERE DOCKED: ____________

LIST ADDITIONAL BOATS AND MOTORS, AND EQUIPMENT ON THE BACK OF THIS FORM.
ATTACH ADDITIONAL SHEETS IF NEEDED. ➥

LIST ADDITIONAL BOATS AND MOTORS AND FEDERAL DOCUMENTED VESSELS ON THIS PAGE

BOAT # 3

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA . REGISTRATION NO. BOAT #3 (LIST):	**MOTOR # 3**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON
☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 4

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #4 (LIST):	**MOTOR # 4**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON
☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 5

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #5 (LIST):	**MOTOR # 5**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON
☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

Is there anything functionally wrong with your boat and motor? Yes( ) No( ). If yes, please provide the Board of Assessors with documentation in order for them to make a proper assessment.	NAME OF PURCHASER: ____________ ADDRESS: ____________ CITY, STATE, ZIP: ____________
If you sold or traded your boat and motor and did not own on January 1 this year, this section should be completed in order for the items to be removed from your account. ➤	DATE SOLD: ________ SALE PRICE: ________ DESCRIPTION ____________
If purchased used this year, list the name and address of the previous owner. ➤	NAME: ____________ ADDRESS: ____________ CITY, STATE, ZIP

FEDERAL DOCUMENTED VESSEL #2

TYPE AND USE OF VESSEL: ____________
VESSEL NAME: ____________ LENGTH: ________ YEAR BUILT:________ HULL MATERIAL:________
HORSEPOWER AND TYPE OF ENGINE: ____________ COAST GUARD NUMBER: ____________
YEAR PURCHASED: ________ PURCHASED: NEW ☐ USED ☐ AMOUNT OF PURCHASE:____________
HOME PORT: ____________ WHERE DOCKED:____________

BOAT AND MOTOR ACCESSORY EQUIPMENT (LIST):____________
____
____

PT-50M

FROM

MAIL TO

OFFICIAL TAX MATTER

MARINE PERSONAL PROPERTY TAX RETURN AND SCHEDULES

PRINT CLEAR

MARINE

PERSONAL PROPERTY TAX RETURN

THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

To avoid a 10% penalty on boats and motors not previously returned, file this return no later than the due date listed above. This return is provided to you so you may return the fair market value of your boat and motor for this tax year. The return and supporting schedule must be completed and returned in order for the boat and motor to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C).

TAX SITUS (WHERE YOU LIVE) CHECK ONE

☐ UNINCORPORATED AREA

☐ CITY OF (LIST):

IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW.

NAME:

ADDRESS:

CITY, STATE, ZIP:

PERSONAL PROPERTY STRATA

BOATS SHALL BE RETURNED TO THE COUNTY WHERE LOCATED 184 DAYS A YEAR OR MORE. LIST THE FAIR MARKET VALUE OF ALL BOATS AND MOTORS BELOW (EXCLUDE TRAILER).

B - BOATS AND MOTORS - INCLUDE ALL CRAFT IN AND ABOVE THE WATER, THE MOTORS BUT NOT THE LAND TRANSPORT VEHICLES (TRAILERS).	TAXPAYER RETURN VALUE AS OF JAN. 1 THIS YEAR	FOR TAX OFFICE USE ONLY (TAX ASSESSORS VALUE)
BOAT AND MOTOR NUMBER 1 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 2 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 3 GA. REGISTRATION #:		
BOAT AND MOTOR NUMBER 4 GA. REGISTRATION#:		
BOAT AND MOTOR NUMBER 5 GA REGISTRATION #:		
FEDERAL DOCUMENTED VESSEL #1 COAST GUARD NUMBER:		
FEDERAL DOCUMENTED VESSEL # 2 COAST GUARD NUMBER:		
TOTAL		

It shall be the duty of the county board of tax assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER'S DECLARATION

"I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein."

TAXPAYER OR AGENT X ______________________________ TITLE ____________ DATE ______________

OWNERS PHONE NUMBER: (Home) ______________________ (DayTime) ________________________

INSTRUCTIONS

INSTRUCTIONS FOR PAGE ONE – MARINE PERSONAL PROPERTY TAX RETURN

1. Boats shall be returned to the county where located 184 days a year or more.
2. The return is considered public information and will be open for public inspection.
3. If taxpayer name or mailing address is incorrect, please correct in the space provided.
4. To avoid a 10% penalty on boats and motors not previously returned, this return must be filed no later than date listed under the due date column on page one.
5. This return is provided for the taxpayer to report the fair market value of all boats and motors owned on January 1, this year.
6. The fair market value should be listed under the column headed taxpayer return value as of January 1, this year, page one.
7. Fair market value of boats and motors should not include the value of the trailer. Taxes on trailers are paid when tag is purchased.
8. Taxpayer declaration: This declaration must be signed by the owner or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE D (MARINE)

1. This schedule is considered confidential information and not open to public inspection O.C.G.A. § 48-5-314. Returns are public information.
2. All information about the boat and motor should be listed in order for the Board of Tax Assessors to determine the proper assessment.
3. If the boat and motor has been sold or traded and you did not own on January 1, this year, please list the name and address of new owner in order for the items to be removed from your account.
4. Additional boats and motors and federal documented vessels may be listed on the back of Schedule D. Attach additional sheets if necessary.
5. Attach a listing of anything that is functionally wrong with your boat and motor. This will help the Board of Assessors make a proper assessment.
6. Boat and motor accessory equipment, such as trolling motors, should be listed on the back of Schedule D.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board to Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal, is subject to taxation in the county and to require its proper return for taxation.
2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers or documents, by subpoena if necessary, which may aid in determining the proper assessment.
3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe, the forms, books and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books and records to be used in the listing, appraisal and assessment of property and how the forms, books and records shall be compiled and kept.
4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of a uniform procedural manual for appraising tangible real and personal property.
5. This return and schedule is submitted to you for your completion in accordance with the above sections of the Georgia Code.

MARINE SCHEDULE D

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL INFORMATION AND NOT OPEN FOR PUBLIC INSPECTION. RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	OWNERS PHONE NUMBER (LIST)

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

TAX SITUS (WHERE YOU LIVE) CHECK ONE ☐ UNINCORPORATED AREA

☐ CITY OF (LIST)

BOAT # 1

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #1 (LIST):	**MOTOR # 1**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON

☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 2

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #2 (LIST):	**MOTOR # 2**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON

☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

LIST ALL BOAT AND MOTOR ACCESSORY EQUIPMENT ON THE BACK OF THIS FORM. EXAMPLE - TROLLING MOTOR, ETC.

Is there anything functionally wrong with your boat and motor? Yes ☐ No ☐. If yes, please provide the Board of Assessors with documentation in order for them to make a proper assessment.

If you sold or traded your boat and motor and did not own on January 1 this year, this section should be completed in order for the items to be removed from your account. ➤

NAME OF PURCHASER: ______________________

ADDRESS: ______________________

CITY, STATE, ZIP: ______________________

DATE SOLD: ____________ SALE PRICE: ________

DESCRIPTION ______________________

If purchased used this year, list the name and address of the previous owner. ➤

NAME: ______________________

ADDRESS: ______________________

CITY, STATE, ZIP ______________________

FEDERAL DOCUMENTED VESSEL #1

TYPE AND USE OF VESSEL: ______________________

VESSEL NAME: ______________ LENGTH: ________ YEAR BUILT: __________ HULL MATERIAL: ________

HORSEPOWER AND TYPE OF ENGINE: ______________ COAST GUARD NUMBER: ______________

YEAR PURCHASED: __________ PURCHASED: NEW ☐ USED ☐ AMOUNT OF PURCHASE: __________

HOME PORT: ______________________ WHERE DOCKED: ______________

LIST ADDITIONAL BOATS AND MOTORS, AND EQUIPMENT ON THE BACK OF THIS FORM. ATTACH ADDITIONAL SHEETS IF NEEDED.

LIST ADDITIONAL BOATS AND MOTORS AND FEDERAL DOCUMENTED VESSELS ON THIS PAGE

BOAT # 3

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA . REGISTRATION NO. BOAT #3 (LIST):	**MOTOR # 3**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON

☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 4

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #4 (LIST):	**MOTOR # 4**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON

☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

BOAT # 5

GEORGIA COUNTY WHERE BOAT IS FUNCTIONALLY LOCATED 184 DAYS A YEAR OR MORE (LIST):

GA. REGISTRATION NO. BOAT #5 (LIST):	**MOTOR # 5**
MFG. NAME: (MAKE)	MFG. NAME: (MAKE)
MODEL NAME OR #:	MODEL NAME OR #:
YEAR BUILT:	YEAR BUILT:
LENGTH: HULL MATERIAL:	HORSEPOWER:
DATE PURCHASED:	ELECTRIC START ☐ RECOIL ☐
PURCHASED: NEW ☐ USED ☐	DATE PURCHASED:
COST: (BOAT)	PURCHASED: NEW ☐ USED ☐
TOTAL COST OF BOAT & MOTOR (EXCLUDING TRAILER):	COST: (MOTOR):

CHECK TYPE OF BOAT ☐ INBOARD ☐ OUTBOARD ☐ INBOARD/OUTBOARD ☐ SAILBOAT ☐ PONTOON

☐ HOUSEBOAT ☐ JET BOAT ☐ JET SKI ☐ OTHER (LIST):

Is there anything functionally wrong with your boat and motor? Yes( ) No( ). If yes, please provide the Board of Assessors with documentation in order for them to make a proper assessment.

If you sold or traded your boat and motor and did not own on January 1 this year, this section should be completed in order for the items to be removed from your account.

NAME OF PURCHASER: ______________________
ADDRESS: ______________________
CITY, STATE, ZIP: ______________________
DATE SOLD: ____________ SALE PRICE: ________
DESCRIPTION ______________________

If purchased used this year, list the name and address of the previous owner.

NAME: ______________________
ADDRESS: ______________________
CITY, STATE, ZIP

FEDERAL DOCUMENTED VESSEL #2

TYPE AND USE OF VESSEL: ______________________
VESSEL NAME: ____________ LENGTH: ________ YEAR BUILT: ________ HULL MATERIAL: ________
HORSEPOWER AND TYPE OF ENGINE: ____________ COAST GUARD NUMBER: ____________
YEAR PURCHASED: ________ PURCHASED: NEW ☐ USED ☐ AMOUNT OF PURCHASE: ________
HOME PORT: ______________________ WHERE DOCKED: ____________

BOAT AND MOTOR ACCESSORY EQUIPMENT (LIST): ______________________

____

____

PT-50P (revised 1/18/2017)

FROM

MAIL TO

OFFICIAL TAX MATTER

TANGIBLE PERSONAL PROPERTY TAX RETURN AND SUPPORTING SCHEDULES

STATE OF GEORGIA
CONSTITUTION
WISDOM JUSTICE MODERATION
1776

Clear Form

Print Form

INSTRUCTION SHEET

INSTRUCTIONS FOR PAGE ONE - BUSINESS PERSONAL PROPERTY TAX RETURN

1. If taxpayer name or address has changed or is incorrect, provide correct name and address in the space provided.
2. To avoid a 10% penalty on assets that have not been previously returned, this return must be filed no later than date listed under the due date column on page one.
3. Taxpayer return value: Georgia Law (O.C.G.A.§ 48-5-6) requires the taxpayer to return property at its fair market value. If the values indicated from Schedules A, B, or C do not in your opinion reflect fair market value, you may list your opinion here. Attachments must be provided by you listing the reasons for change.
4. Value from Schedule A, B, & C: Schedules A, B, & C should be completed and the total values from these schedules should be listed in this column.
5. Taxpayers Declaration: This declaration must be signed by the taxpayer or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE TWO - GENERAL INFORMATION AND IMPORTANT INFORMATION

1. The information requested in the general information section is very important. This area should be completed in detail. The information in this section is open for public inspection.
2. The information found in the reference information section may be of great interest to the taxpayer. This section contains information about various laws and exemptions that may be available to the taxpayer.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE A - FURNITURE / FIXTURES / MACHINERY / EQUIPMENT

1. This section provides for the uniform calculation of value for all assets of the business owned on January 1 of this year. Expensed assets as well as capitalized assets should be listed and valued using indicated schedule. Leasehold improvements personal property in nature and trade fixtures should also be reported on this schedule. Leasehold improvements such as walls, doors, floor covering, electrical, plumbing, heating and air distribution systems, ceiling and lighting that are attached to and form an integral part of the building should <u>not</u> be reported as personal property.
2. The indicated basic cost approach value of assets for tax purposes is computed by multiplying the total adjusted original cost new by the composite conversion factor of each year's acquisition listed in the appropriate economic life group. Cost amounts are subject to audit. Cost should include installation, trade-in allowances, sales tax, investment credits, transportation, etc.
3. Internal Revenue Service Publication 946 "How to Depreciate Property" Appendix B - Table of Class Lives and Recovery Periods - column headed "Class Life in Years", should be used for determining the economic life group of an asset for Ad Valorem Tax purposes. See examples of economic life groups listed below. ACRS and MACRS should <u>not</u> be used for determining the economic life of an asset for Ad Valorem Tax purposes.
4. Deduct cost of items disposed of or transferred out from the cost of assets acquired during the corresponding year; add cost of items transferred in. (Disposals include only those items which have been sold, junked, transferred or otherwise no longer located at the business on January 1, this year). List disposals and items transferred in or out and reasons for disposals or transfer on page 4 under sections three or four.
5. A copy of the most current asset listing indicating the date of acquisition, original cost, and description of each asset should be submitted with this schedule. If an asset listing is not available please submit a copy of your most current I.R.S. form 4562 Depreciation Schedule and all supplemental schedules utilized to develop depreciation deduction for A.C.R.S. assets and assets listed under the column headed "Other Depreciation" as well as supplemental depreciation schedule used for M.A.C.R.S. assets. This information is needed for verification purposes and is not available for public inspection (O.C.G.A.§ 48-5-314).

DEPRECIATION GROUPING EXAMPLES

GROUP 1: ECONOMIC LIFE OF 5-7 YEARS	GROUP 2: ECONOMIC LIFE OF 8-12 YEARS	GROUP 3: ECONOMIC LIFE OF 13 YEARS OR MORE	GROUP 4: ECONOMIC LIFE OF 1-4 YEARS ALSO ASSET CLASS 00.12 IRS PUBLICATION 946
1) Copiers, Duplicating Equip., Typewriters	1) Office Furniture, Fixtures and Equipment	1) Petroleum Refining Equipment	1) Computers - Non Production
2) Calculators, Adding and Accounting Machines	2) Agriculture Machinery and Equipment	2) Grain and Grain Mill Products (Mfg.)	2) Peripheral Computer Equipment
3) Electronic Instrumentation Mfg.	3) Recreation or Entertainment Services	3) Mfg. of Sugar and Sugar Products	3) Jigs, Dies, Molds, Patterns
4) Construction Equipment	4) Mining and Quarrying	4) Mfg. of Vegetable Oils and Products	4) Special Tools and Gauges
5) Timber Cutting Equipment	5) Mfg. of Textile Products	5) Mfg. of Tobacco and Tobacco Products	5) Returnable Containers
6) Mfg. of Electronic Components & Products	6) Mfg. of Wood Products and Furniture	6) Mfg. of Pulp and Paper	6) Special Transfer and Shipping Devices
7) Radio and T.V. Broadcasting Equipment	7) Permanent Sawmills	7) Mfg. of Rubber Products	7) Pallets
8) Drilling of Oil and Gas Wells	8) Mfg. of Chemicals and Allied Products	8) Mfg. of Cement	8) Rental Movies
9) Temporary Sawmills	9) Mfg. of finished Plastics Products	9) Mfg. of Stone and Clay Products	9) Card Readers
10) Any Semiconductor Mfg. Equipment	10) Mfg. of Leather and Leather Products	10) Mfg. of Primary Nonferrous Metals	10) High Speed Printers
11) Telegraph and Satellite Communications	11) Mfg. of Electrical and Non-electrical Machinery	11) Mfg. of Foundry Products	11) Data Entry Devices
12) Vending Equipment, Coin Operated	12) Mfg. of Athletic, Jewelry and Other Goods	12) Mfg. of Primary Steel Mill Products	12) Teleprinters
13) Rental Appliances and Televisions	13) Retail Trades Furniture, Fixtures and Equipment	13) Tanks and Storage	13) Plotters
14) Hand Tools	14) Restaurant and Bar Equipment	14) Billboards/Signs	14) Terminals, Tape Drives, Disc Drives
15) Nuclear Fuel Assemblies	15) Hotel and Motel Furnishing and Equipment	15) Radio/T.V. Antennas and Towers	15) Magnetic Tape Feeds
16) Fishing Equipment	16) Automobile Repair and Shop Equipment	16) Cold Storage and Ice Making Equipment	16) Optical Character Readers
17) Cattle, Breeding, or Dairy Equipment	17) Personal and Professional Services	17) Mfg. of Glass Products	

INSTRUCTIONS FOR PAGE FOUR - BUSINESS PERSONAL PROPERTY SCHEDULE B - INVENTORY

1. Inventory should be reported at 100% cost on January 1, this year. Cost should include, but not be limited to, freight in, overhead or burden, Federal, State, or Local Taxes, or any other charges imposed upon the item that makes it more valuable to the owner. Costs will be arrived at by converting anything other than current cost back to cost. "LIFO" is not acceptable.
2. The name and address of the legal owner of any consigned goods or any other type goods not owned by you and not reported under Schedule B should be listed under Section 1, Consigned Goods. This will insure that the taxes are charged to the legal owner.
3. Schedule C - Construction in Progress - if you had any unallocated cost for Construction in Progress, which is personal property in nature, that was not reported under Schedule A it should be reported under Schedule C. A description of the property, year acquired, useful life in years, and total cost should be reported.
4. If you had in your possession on January 1 any leased or rented equipment, machinery, furniture, fixtures, tools, vending machines, or other types of property, the legal owners name and address should be listed under Section 2 headed Leased or Rented Equipment. This will insure that the taxes are charged to the legal owner.

NOTE: Schedules A, B, and C and all documents furnished by the taxpayer are considered confidential and not open to public inspection. O.C.G.A.,§ 48-5-314. Returns are public information.

BUSINESS PERSONAL PROPERTY TAX RETURN

THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW.

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO.	NAICS NO.

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

To avoid a 10% penalty on items not previously returned, file not later than the due date listed above. This return is subject to audit by the Board of Tax Assessors under O.C.G.A. §48-5-299 and §48-5-300. The return and supporting schedule must be completed and returned in order for property to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C)

BUSINESS PHYSICAL LOCATION

IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW.

NAME:

ADDRESS:

CITY, STATE, ZIP:

The values from Schedules A, B, and C should be listed below. If these values, in your opinion, do not reflect fair market value then declare your estimate of value under the column headed Taxpayers Returned Value.

LINE	PERSONAL PROPERTY STRATA	TAXPAYER RETURNED VALUE, AS OF JAN. 1	INDICATED VALUE FROM SCHEDULES A, B, & C	FOR TAX OFFICE USE
F.	**Furniture/Fixtures/Machinery/Equipment** — includes all fixtures, furniture, office equipment, computer hardware, production machinery, off-road vehicles, farm equipment and implements, tools and implements of manual laborers' trade, leasehold improvements personal property in nature and construction in progress personal property in nature.			
I.	**Inventory** — Includes all raw materials, goods in process, finished goods, livestock and agricultural products, all consumable supplies used in the process of manufacturing, distributing, storing or merchandising of goods and services, floor planned inventory and spare parts. Does not include Freeport Exemption amount granted under O.C.G.A.§ § 48-5-48.2 or 48-5-48.6.			
P.	**Freeport Inventory** — Includes inventory exemption amount Under O.C.G.A. §§ 48-5-48.2 and 48-5-48.6			
Z.	**Other Personal** — Includes all personal property not otherwise defined above.			
	TOTALS →			

It shall be the duty of the county Board of Tax Assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER'S DECLARATION

"I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein."

TAXPAYER OR AGENT X ____________________
Signature

PLEASE PRINT OR TYPE NAME ____________________

TITLE ____________ DATE: ____________ PHONE NUMBER: ____________

GENERAL INFORMATION - THIS SECTION SHOULD BE COMPLETED IN DETAIL (NOTE: THIS INFORMATION IS OPEN TO PUBLIC INSPECTION)

1. CHECK TYPE OF BUSINESS: COMMERCIAL ☐ INDUSTRIAL ☐ AGRICULTURAL ☐
2. CHECK TYPE OF GA. INCOME TAX FILED: CORPORATION ☐ INDIVIDUAL ☐ PARTNERSHIP ☐
3. FISCAL YEAR ENDING DATE OF BUSINESS: ____________________
4. FEDERAL EMPLOYER IDENTIFICATION NUMBER: ____________________
5. STATE TAXPAYER IDENTIFICATION (S.T.I.) NUMBER: __________ STATE SALES TAX NUMBER: __________
6. NAME OF PRESIDENT OF CORPORATION OR OWNERS NAME: ____________________
7. DOING BUSINESS AS: ____________________
8. NAME ON BUSINESS LICENSE: ____________________
9. IF BUSINESS LOCATED WITHIN CITY LIMITS, LIST CITY NAME: ____________________
10. PREPARERS NAME: ____________________
    ADDRESS: ____________________ PHONE: # __________
11. PERSON WHO SHOULD BE CONTACTED CONCERNING QUESTIONS ABOUT THIS RETURN:
    NAME: ____________________ PHONE #: __________
12. LOCATION OF SUPPORTING RECORDS: ____________________
13. PHONE NUMBER OF BUSINESS: __________ HOME OFFICE NUMBER: __________
    TOLL FREE NUMBER: __________ FAX NUMBER: __________
    EMAIL ADDRESS: ____________________
14. MAIN BUSINESS PRODUCT OR ACTIVITY: ____________________
15. NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) NUMBER: __________
16. SQUARE FOOTAGE OF BUILDING: __________ IF RETAIL, SQUARE FOOTAGE OF RETAIL AREA: __________
17. IF YOU CLOSED OR SOLD YOUR BUSINESS, PLEASE LIST NEW OWNER'S NAME AND ADDRESS __________
    ____
18. DATE BUSINESS BEGAN IN THIS COUNTY: __________ WAS RETURN FILED LAST YEAR? YES ☐ NO ☐
19. DO YOU OR YOUR BUSINESS HAVE ASSETS LOCATED IN OTHER COUNTIES IN THIS STATE? YES ☐ NO ☐
20. DOES THE BUSINESS OWN A BOAT AND MOTOR? YES ☐ NO ☐
    AIRCRAFT? YES ☐ NO ☐ IF YES, PLEASE REQUEST MARINE FORM PT-50M OR AIRCRAFT FORM PT 50A.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board of Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal is subject to taxation in the county and require its proper return for taxation.
2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers, or documents, by subpoena, if necessary, which may aid in determining the proper assessment.
3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe the forms, books, and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books, and records to be used in the listing, appraisal and assessment of property and how the forms, books, and records shall be compiled and kept.
4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of uniform procedural manual for appraising tangible real and personal property.
5. In accordance with the above sections of the Georgia Code this return and schedules are submitted to you for your completion. Failure to file a completed copy of this form may lead to an audit of your records and/or the placing of an assessment on your property from the best information obtainable in accordance with O.C.G.A. § 48-5-299 (a).
6. Freeport Exemption (O.C.G.A. § § 48-5-48.2 and 48-5-48.6) may be available in your county. Applications are available on request and must be completed and filed with the business personal property return and schedules prior to the deadline for filing.
7. Any air and water pollution control facilities owned may be exempt under O.C.G.A. § 48-5-41 (11) which states… "All property used in or which is a part of any facility which has been installed or constructed at any time for the primary purpose of eliminating or reducing air and water pollution of such facilities and has been certified by the Department of Natural Resources as necessary and adequate for the purpose intended" shall be exempt from all Ad Valorem Property Taxes in this state.
8. Most counties do not accept metered mail dates as filing dates unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing close to the deadline.
9. O.C.G.A. § 48-5-41.1 states… "All farm products grown in this state and remaining in the hands of the producer during the one year beginning immediately after their production and harvested agricultural products which have a planting-to-harvest cycle of 12 months or less, which are customarily cured or aged for a period in excess of one year after harvesting and before manufacturing, and which are held in this state for manufacturing and processing purposes and all qualified farm products grown in this state shall be exempt from Ad Valorem Property Taxes."
10. O.C.G.A. § 48-5-43 states… "Consumers of commercial fertilizers shall not be required to return for taxation any commercial fertilizer or any manures commonly used by farmers and others as fertilizers if the land upon which the fertilizer is to be used has been properly returned for taxation."
11. Boats and motors and aircraft should be reported on a separate reporting form which will be provided upon request.
12. Computer software (O.C.G.A. § 48-1-8) .shall constitute personal property only to the extent of the value of the unmounted or uninstalled medium on or in which it is stored or transmitted except that held as inventory ready for sale.

BUSINESS PERSONAL PROPERTY SCHEDULE A

(FURNITURE / FIXTURES / MACHINERY / EQUIPMENT)

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL AND WILL NOT BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO.	NAICS NO.

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

DID YOU OR YOUR BUSINESS OWN ANY MACHINERY, EQUIPMENT, FURNITURE, OR FIXTURES ON JANUARY 1 OF THIS YEAR? YES ☐ NO ☐. IF YES, PLEASE LIST BELOW.

BUSINESS PHYSICAL LOCATION

YEAR ACQUIRED	PREVIOUSLY REPORTED ORIGINAL COST NEW	+	ADDITIONS OR TRANSFERS IN	-	DISPOSALS OR TRANSFERS OUT	=	ADJUSTED ORIGINAL COST NEW	X	COMP CONV. FACTOR	=	INDICATED BASIC COST APPROACH VALUE
GROUP 1: TYPICAL ECONOMIC LIFE OF 5-7 YEARS (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 1											
GROUP 2: TYPICAL ECONOMIC LIFE OF 8-12 YEARS (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 2											
GROUP 3: TYPICAL ECONOMIC LIFE OF 13 YEARS OR MORE (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 3											
GROUP 4: TYPICAL ECONOMIC LIFE OF 1-4 YEARS; ALSO I.R.S. ASSET CLASS 00.12 I(EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 4											
TOTAL ALL GROUPS											

ENTER TOTAL INDICATED VALUE ON PAGE ONE LINE F UNDER INDICATED VALUE FROM SCHEDULES COLUMN.

BUSINESS PERSONAL PROPERTY SCHEDULE B INVENTORY

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL AND NOT OPEN TO PUBLIC INSPECTION

SCHEDULE B - INVENTORY - SEE INSTRUCTION SHEET

Did you or your business own any inventory on January 1, this year? Yes ☐ No ☐. If yes, please list in space provided below. Show total 100% cost, do not include licensed motor vehicles, or dealer heavy duty equipment for sale weighing over 5,000 pounds and to be used for construction purposes.

1. Merchandise ______
2. Raw Materials ______
3. Goods in Process ______
4. Finished Goods ______
5. Goods in Transit ______
6. Warehoused ______
7. Consigned ______
8. Floor Planned ______
9. Spare Parts ______
10. Supplies ______
    Includes computer, medical, office and operating supplies, fuel, and tangible prepaid expensed items)
11. Packaging Materials ______
12. Livestock ______
    (Non Exempt 48-5-41.1)
13. TOTAL INVENTORY ______

Enter total on page 1 Line I schedule column. If Freeport account enter exempt amount on Line P and taxable amount on Line I.

1. Indicate your inventory accounting method (Lower of Cost or Market, Retail Method, Weighted Average, Physical, etc.) ______
2. Check Cost Method as it applies to your inventory: ☐ Actual ☐ LIFO ☐ FIFO LIFO not acceptable
3. Fiscal Year ending date of business ______
   If your Fiscal Year ends at a point in time other than January 1, you should attach a breakdown of how you arrived at your January 1 inventory.
4. Inventory reported on previous year Georgia Income Tax Return: ______
5. The 100% delivered cost should include freight, burden and overhead at your level of trade on January 1.
6. If you file a Corporate or Partnership Income Tax Return, a photocopy of your most current balance sheet (Corporation. Form 1120, Schedule A & L - Partnership, Form 1065, Schedule A & L) as filed with your U.S. Income Tax Return is requested. If you filed an Individual or Sole Proprietorship Income Tax Return, a photo copy of your most current Profit or Loss Statement Form 1040, Schedule C, Pages 1 & 2 as filed with your U.S. Income Tax Return is requested. These documents are requested for inventory verification purposes and will not be available for public inspection (O.C.G.A. § 48-5-314). Under GA Law you cannot be required to furnish any Income Tax Records or Returns.
7. Inventory is subject to audit and verification from your records or those you have filed with the State of Georgia Department of Revenue.
8. Do not make any deductions for anticipated mark-down or shrinkage. Do not discount, figures are to be taken directly from your books.
9. If inventory is less than the previous year an explanation for the decrease should be submitted.
10. Gross Sales for the previous calendar year: ______
11. All taxable livestock and farm products should be reported as inventory. See O.C.G.A. § 48-5-41.1 for details of exemption.

SCHEDULE C - CONSTRUCTION IN PROGRESS

Did you have unallocated costs for construction in progress on January 1 this year? Yes ☐ No ☐. If yes, did you have tangible personal property connected with this construction in progress that has not been reported in any other section of this schedule? Yes ☐ No ☐ If yes, please list in the space provided below. Add Indicated Value to Total on Page 1 Line F Schedule Column.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	USEFUL LIFE (YEARS)	TOTAL COST	X	MARKET VALUE FACTOR	=	INDICATED VALUE	OFFICE USE ONLY
				X	.75	=		

SECTION 1: CONSIGNED GOODS

Did you have any consigned goods, floor planned merchandise, or any other type of goods that were loaned, stored or otherwise held on January 1, this year, and not owned by you and was not reported in your inventory value in schedule B above of this report? Yes ☐ No ☐. If yes, list in the space provided below.

DESCRIPTION OF GOODS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	FULL COST	NAME AND ADDRESS OF LEGAL OWNER

SECTION 2: LEASED OR RENTED EQUIPMENT

Did you have in your possession or was there located at your business on January 1, this year, any machinery, equipment, furniture, fixture, tools, vending machines (coffee, cigarette, candy, games etc.) or other type personal property which was leased, rented, loaned, stored or otherwise located at your business and not owned by you? Yes ☐ No ☐. If yes, list the equipment in the space provided below (exclude licensed motor vehicles). Attach supplemental sheet if necessary.

NAME/ADDRESS OF OWNER	DESCRIPTION OF ITEM	SELLING PRICE	RENTAL AMOUNT PER MONTH	DATE OF MANUFACTURE	DATE INSTALLED	LENGTH OF LEASE

SECTION 3: ADDITIONS OR ITEMS TRANSFERRED IN

Did you have items which were added or transferred in for prior years or the current year that were not previously reported? Yes ☐ No ☐. If yes, list in the space provided below.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	ORIGINAL COST NEW

SECTION 4: DISPOSALS OR ITEMS TRANSFERRED OUT

Did you have items which have been sold, junked, transferred or otherwise no longer located at the business January 1 this year? Yes ☐ No ☐. If yes, list in the space provided below.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	DATE DISPOSED	ORIGINAL COST NEW	REASON	IF EQUIPMENT SOLD, NAME AND ADDRESS OF PURCHASER SHOULD BE LISTED BELOW

PT-50P (revised 1/18/2017)

FROM

MAIL TO

OFFICIAL TAX MATTER

TANGIBLE PERSONAL PROPERTY TAX RETURN AND SUPPORTING SCHEDULES

Clear Form

Print Form

INSTRUCTION SHEET

INSTRUCTIONS FOR PAGE ONE - BUSINESS PERSONAL PROPERTY TAX RETURN

1. If taxpayer name or address has changed or is incorrect, provide correct name and address in the space provided.
2. To avoid a 10% penalty on assets that have not been previously returned, this return must be filed no later than date listed under the due date column on page one.
3. Taxpayer return value: Georgia Law (O.C.G.A.§ 48-5-6) requires the taxpayer to return property at its fair market value. If the values indicated from Schedules A, B, or C do not in your opinion reflect fair market value, you may list your opinion here. Attachments must be provided by you listing the reasons for change.
4. Value from Schedule A, B, & C: Schedules A, B, & C should be completed and the total values from these schedules should be listed in this column.
5. Taxpayers Declaration: This declaration must be signed by the taxpayer or agent and dated in order for this to be a valid return.

INSTRUCTIONS FOR PAGE TWO - GENERAL INFORMATION AND IMPORTANT INFORMATION

1. The information requested in the general information section is very important. This area should be completed in detail. The information in this section is open for public inspection.
2. The information found in the reference information section may be of great interest to the taxpayer. This section contains information about various laws and exemptions that may be available to the taxpayer.

INSTRUCTIONS FOR PAGE THREE - SCHEDULE A - FURNITURE / FIXTURES / MACHINERY / EQUIPMENT

1. This section provides for the uniform calculation of value for all assets of the business owned on January 1 of this year. Expensed assets as well as capitalized assets should be listed and valued using indicated schedule. Leasehold improvements personal property in nature and trade fixtures should also be reported on this schedule. Leasehold improvements such as walls, doors, floor covering, electrical, plumbing, heating and air distribution systems, ceiling and lighting that are attached to and form an integral part of the building should <u>not</u> be reported as personal property.
2. The indicated basic cost approach value of assets for tax purposes is computed by multiplying the total adjusted original cost new by the composite conversion factor of each year's acquisition listed in the appropriate economic life group. Cost amounts are subject to audit. Cost should include installation, trade-in allowances, sales tax, investment credits, transportation, etc.
3. Internal Revenue Service Publication 946 "How to Depreciate Property" Appendix B - Table of Class Lives and Recovery Periods - column headed "Class Life in Years", should be used for determining the economic life group of an asset for Ad Valorem Tax purposes. See examples of economic life groups listed below. ACRS and MACRS should <u>not</u> be used for determining the economic life of an asset for Ad Valorem Tax purposes.
4. Deduct cost of items disposed of or transferred out from the cost of assets acquired during the corresponding year; add cost of items transferred in. (Disposals include only those items which have been sold, junked, transferred or otherwise no longer located at the business on January 1, this year). List disposals and items transferred in or out and reasons for disposals or transfer on page 4 under sections three or four.
5. A copy of the most current asset listing indicating the date of acquisition, original cost, and description of each asset should be submitted with this schedule. If an asset listing is not available please submit a copy of your most current I.R.S. form 4562 Depreciation Schedule and all supplemental schedules utilized to develop depreciation deduction for A.C.R.S. assets and assets listed under the column headed "Other Depreciation" as well as supplemental depreciation schedule used for M.A.C.R.S. assets. This information is needed for verification purposes and is not available for public inspection (O.C.G.A.§ 48-5-314).

DEPRECIATION GROUPING EXAMPLES

GROUP 1: ECONOMIC LIFE OF 5-7 YEARS	GROUP 2: ECONOMIC LIFE OF 8-12 YEARS	GROUP 3: ECONOMIC LIFE OF 13 YEARS OR MORE	GROUP 4: ECONOMIC LIFE OF 1-4 YEARS ALSO ASSET CLASS 00.12 IRS PUBLICATION 946
1) Copiers, Duplicating Equip., Typewriters	1) Office Furniture, Fixtures and Equipment	1) Petroleum Refining Equipment	1) Computers - Non Production
2) Calculators, Adding and Accounting Machines	2) Agriculture Machinery and Equipment	2) Grain and Grain Mill Products (Mfg.)	2) Peripheral Computer Equipment
3) Electronic Instrumentation Mfg.	3) Recreation or Entertainment Services	3) Mfg. of Sugar and Sugar Products	3) Jigs, Dies, Molds, Patterns
4) Construction Equipment	4) Mining and Quarrying	4) Mfg. of Vegetable Oils and Products	4) Special Tools and Gauges
5) Timber Cutting Equipment	5) Mfg. of Textile Products	5) Mfg. of Tobacco and Tobacco Products	5) Returnable Containers
6) Mfg. of Electronic Components & Products	6) Mfg. of Wood Products and Furniture	6) Mfg. of Pulp and Paper	6) Special Transfer and Shipping Devices
7) Radio and T.V. Broadcasting Equipment	7) Permanent Sawmills	7) Mfg. of Rubber Products	7) Pallets
8) Drilling of Oil and Gas Wells	8) Mfg. of Chemicals and Allied Products	8) Mfg. of Cement	8) Rental Movies
9) Temporary Sawmills	9) Mfg. of finished Plastics Products	9) Mfg. of Stone and Clay Products	9) Card Readers
10) Any Semiconductor Mfg. Equipment	10) Mfg. of Leather and Leather Products	10) Mfg. of Primary Nonferrous Metals	10) High Speed Printers
11) Telegraph and Satellite Communications	11) Mfg. of Electrical and Non-electrical Machinery	11) Mfg. of Foundry Products	11) Data Entry Devices
12) Vending Equipment, Coin Operated	12) Mfg. of Athletic, Jewelry and Other Goods	12) Mfg. of Primary Steel Mill Products	12) Teleprinters
13) Rental Appliances and Televisions	13) Retail Trades Furniture, Fixtures and Equipment	13) Tanks and Storage	13) Plotters
14) Hand Tools	14) Restaurant and Bar Equipment	14) Billboards/Signs	14) Terminals, Tape Drives, Disc Drives
15) Nuclear Fuel Assemblies	15) Hotel and Motel Furnishing and Equipment	15) Radio/T.V. Antennas and Towers	15) Magnetic Tape Feeds
16) Fishing Equipment	16) Automobile Repair and Shop Equipment	16) Cold Storage and Ice Making Equipment	16) Optical Character Readers
17) Cattle, Breeding, or Dairy Equipment	17) Personal and Professional Services	17) Mfg. of Glass Products	

INSTRUCTIONS FOR PAGE FOUR - BUSINESS PERSONAL PROPERTY SCHEDULE B - INVENTORY

1. Inventory should be reported at 100% cost on January 1, this year. Cost should include, but not be limited to, freight in, overhead or burden, Federal, State, or Local Taxes, or any other charges imposed upon the item that makes it more valuable to the owner. Costs will be arrived at by converting anything other than current cost back to cost. "LIFO" is not acceptable.
2. The name and address of the legal owner of any consigned goods or any other type goods not owned by you and not reported under Schedule B should be listed under Section 1, Consigned Goods. This will insure that the taxes are charged to the legal owner.
3. Schedule C - Construction in Progress - if you had any unallocated cost for Construction in Progress, which is personal property in nature, that was not reported under Schedule A it should be reported under Schedule C. A description of the property, year acquired, useful life in years, and total cost should be reported.
4. If you had in your possession on January 1 any leased or rented equipment, machinery, furniture, fixtures, tools, vending machines, or other types of property, the legal owners name and address should be listed under Section 2 headed Leased or Rented Equipment. This will insure that the taxes are charged to the legal owner.

NOTE: Schedules A, B, and C and all documents furnished by the taxpayer are considered confidential and not open to public inspection. O.C.G.A.,§ 48-5-314. Returns are public information.

BUSINESS PERSONAL PROPERTY TAX RETURN

THIS RETURN IS CONSIDERED PUBLIC INFORMATION AND WILL BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW.

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO.	NAICS NO.

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

To avoid a 10% penalty on items not previously returned, file not later than the due date listed above. This return is subject to audit by the Board of Tax Assessors under O.C.G.A. §48-5-299 and §48-5-300. The return and supporting schedule must be completed and returned in order for property to be properly returned. Department of Revenue Rule 560-11-10-.08 (3) (C)

BUSINESS PHYSICAL LOCATION

IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW.

NAME:

ADDRESS:

CITY, STATE, ZIP:

LINE

PERSONAL PROPERTY STRATA

The values from Schedules A, B, and C should be listed below. If these values, in your opinion, do not reflect fair market value then declare your estimate of value under the column headed Taxpayers Returned Value.

LINE		TAXPAYER RETURNED VALUE, AS OF JAN. 1	INDICATED VALUE FROM SCHEDULES A, B, & C	FOR TAX OFFICE USE
F.	**Furniture/Fixtures/Machinery/Equipment** — includes all fixtures, furniture, office equipment, computer hardware, production machinery, off-road vehicles, farm equipment and implements, tools and implements of manual laborers' trade, leasehold improvements personal property in nature and construction in progress personal property in nature.			
I.	**Inventory** — Includes all raw materials, goods in process, finished goods, livestock and agricultural products, all consumable supplies used in the process of manufacturing, distributing, storing or merchandising of goods and services, floor planned inventory and spare parts. Does not include Freeport Exemption amount granted under O.C.G.A.§ § 48-5-48.2 or 48-5-48.6.			
P.	**Freeport Inventory** — Includes inventory exemption amount Under O.C.G.A. §§ 48-5-48.2 and 48-5-48.6			
Z.	**Other Personal** — Includes all personal property not otherwise defined above.			
	TOTALS →			

It shall be the duty of the county Board of Tax Assessors to investigate and to inquire into the property owned in the county for the purpose of ascertaining what property is subject to taxation and to require the proper return of the property for taxation.

TAXPAYER'S DECLARATION

"I do solemnly swear that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property returned, as shown by the list, is the true market value thereof; and I further swear that I returned, for the purpose of being taxed thereon, every species of property that I own in my own right or have control of either as agent, executor, administrator, or otherwise; and that in making this return, for the purpose of being taxed thereon, I have not attempted either by transferring my property to another or by any other means to evade the laws governing taxation in this state. I do further swear that in making this return I have done so by estimating the true worth and value of every species of property contained therein."

TAXPAYER OR AGENT X ______________________________
Signature

PLEASE PRINT OR TYPE NAME ______________________________

TITLE ____________________ DATE: ______________ PHONE NUMBER: ______________

GENERAL INFORMATION - THIS SECTION SHOULD BE COMPLETED IN DETAIL (NOTE: THIS INFORMATION IS OPEN TO PUBLIC INSPECTION)

1. CHECK TYPE OF BUSINESS: COMMERCIAL ☐ INDUSTRIAL ☐ AGRICULTURAL ☐
2. CHECK TYPE OF GA. INCOME TAX FILED: CORPORATION ☐ INDIVIDUAL ☐ PARTNERSHIP ☐
3. FISCAL YEAR ENDING DATE OF BUSINESS: ____________________
4. FEDERAL EMPLOYER IDENTIFICATION NUMBER: ____________________
5. STATE TAXPAYER IDENTIFICATION (S.T.I.) NUMBER: __________ STATE SALES TAX NUMBER: __________
6. NAME OF PRESIDENT OF CORPORATION OR OWNERS NAME: ____________________
7. DOING BUSINESS AS: ____________________
8. NAME ON BUSINESS LICENSE: ____________________
9. IF BUSINESS LOCATED WITHIN CITY LIMITS, LIST CITY NAME: ____________________
10. PREPARERS NAME: ____________________
    ADDRESS: ____________________ PHONE: # __________
11. PERSON WHO SHOULD BE CONTACTED CONCERNING QUESTIONS ABOUT THIS RETURN:
    NAME: ____________________ PHONE #: __________
12. LOCATION OF SUPPORTING RECORDS: ____________________
13. PHONE NUMBER OF BUSINESS: __________ HOME OFFICE NUMBER: __________
    TOLL FREE NUMBER: __________ FAX NUMBER: __________
    EMAIL ADDRESS: ____________________
14. MAIN BUSINESS PRODUCT OR ACTIVITY: ____________________
15. NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) NUMBER: __________
16. SQUARE FOOTAGE OF BUILDING: __________ IF RETAIL, SQUARE FOOTAGE OF RETAIL AREA: __________
17. IF YOU CLOSED OR SOLD YOUR BUSINESS, PLEASE LIST NEW OWNER'S NAME AND ADDRESS __________
    ____
18. DATE BUSINESS BEGAN IN THIS COUNTY: __________ WAS RETURN FILED LAST YEAR? YES ☐ NO ☐
19. DO YOU OR YOUR BUSINESS HAVE ASSETS LOCATED IN OTHER COUNTIES IN THIS STATE? YES ☐ NO ☐
20. DOES THE BUSINESS OWN A BOAT AND MOTOR? YES ☐ NO ☐
    AIRCRAFT? YES ☐ NO ☐ IF YES, PLEASE REQUEST MARINE FORM PT-50M OR AIRCRAFT FORM PT 50A.

REFERENCE INFORMATION

1. O.C.G.A. § 48-5-299 requires the Board of Tax Assessors to diligently investigate and inquire into the property owned in the county for the purpose of ascertaining what property, real and personal is subject to taxation in the county and require its proper return for taxation.
2. O.C.G.A. § 48-5-300 grants the Board of Tax Assessors authority to require production of books, papers, or documents, by subpoena, if necessary, which may aid in determining the proper assessment.
3. O.C.G.A. § 48-5-269 grants the State Revenue Commissioner the authority to prescribe the forms, books, and records to be used for standard property tax reporting for all taxing units, including but not limited to, the forms, books, and records to be used in the listing, appraisal and assessment of property and how the forms, books, and records shall be compiled and kept.
4. O.C.G.A. § 48-5-269.1 grants the State Revenue Commissioner the authority to adopt and require the use of uniform procedural manual for appraising tangible real and personal property.
5. In accordance with the above sections of the Georgia Code this return and schedules are submitted to you for your completion. Failure to file a completed copy of this form may lead to an audit of your records and/or the placing of an assessment on your property from the best information obtainable in accordance with O.C.G.A. § 48-5-299 (a).
6. Freeport Exemption (O.C.G.A. § § 48-5-48.2 and 48-5-48.6) may be available in your county. Applications are available on request and must be completed and filed with the business personal property return and schedules prior to the deadline for filing.
7. Any air and water pollution control facilities owned may be exempt under O.C.G.A. § 48-5-41 (11) which states… "All property used in or which is a part of any facility which has been installed or constructed at any time for the primary purpose of eliminating or reducing air and water pollution of such facilities and has been certified by the Department of Natural Resources as necessary and adequate for the purpose intended" shall be exempt from all Ad Valorem Property Taxes in this state.
8. Most counties do not accept metered mail dates as filing dates unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing close to the deadline.
9. O.C.G.A. § 48-5-41.1 states… "All farm products grown in this state and remaining in the hands of the producer during the one year beginning immediately after their production and harvested agricultural products which have a planting-to-harvest cycle of 12 months or less, which are customarily cured or aged for a period in excess of one year after harvesting and before manufacturing, and which are held in this state for manufacturing and processing purposes and all qualified farm products grown in this state shall be exempt from Ad Valorem Property Taxes."
10. O.C.G.A. § 48-5-43 states… "Consumers of commercial fertilizers shall not be required to return for taxation any commercial fertilizer or any manures commonly used by farmers and others as fertilizers if the land upon which the fertilizer is to be used has been properly returned for taxation."
11. Boats and motors and aircraft should be reported on a separate reporting form which will be provided upon request.
12. Computer software (O.C.G.A. § 48-1-8) .shall constitute personal property only to the extent of the value of the unmounted or uninstalled medium on or in which

    it is stored or transmitted except that held as inventory ready for sale.

BUSINESS PERSONAL PROPERTY SCHEDULE A

(FURNITURE / FIXTURES / MACHINERY / EQUIPMENT)

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL AND WILL NOT BE OPEN FOR PUBLIC INSPECTION

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO.	NAICS NO.

COUNTY NAME AND RETURN ADDRESS

TAXPAYER NAME AND ADDRESS

DID YOU OR YOUR BUSINESS OWN ANY MACHINERY, EQUIPMENT, FURNITURE, OR FIXTURES ON JANUARY 1 OF THIS YEAR? YES ☐ NO ☐. IF YES, PLEASE LIST BELOW.

BUSINESS PHYSICAL LOCATION

YEAR ACQUIRED	PREVIOUSLY REPORTED ORIGINAL COST NEW	+	ADDITIONS OR TRANSFERS IN	-	DISPOSALS OR TRANSFERS OUT	=	ADJUSTED ORIGINAL COST NEW	X	COMP CONV. FACTOR	=	INDICATED BASIC COST APPROACH VALUE
GROUP 1: TYPICAL ECONOMIC LIFE OF 5-7 YEARS (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 1											
GROUP 2: TYPICAL ECONOMIC LIFE OF 8-12 YEARS (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 2											
GROUP 3: TYPICAL ECONOMIC LIFE OF 13 YEARS OR MORE (EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
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		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 3											
GROUP 4: TYPICAL ECONOMIC LIFE OF 1-4 YEARS; ALSO I.R.S. ASSET CLASS 00.12 I(EXAMPLES ON INSTRUCTION SHEET) A.C.R.S./ M.A.C.R.S. NOT ACCEPTABLE											
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
		+		-		=		X		=	
TOTAL GROUP 4											
TOTAL ALL GROUPS											

ENTER TOTAL INDICATED VALUE ON PAGE ONE LINE F UNDER INDICATED VALUE FROM SCHEDULES COLUMN.

BUSINESS PERSONAL PROPERTY SCHEDULE B INVENTORY

THIS SCHEDULE IS CONSIDERED CONFIDENTIAL AND NOT OPEN TO PUBLIC INSPECTION

SCHEDULE B - INVENTORY - SEE INSTRUCTION SHEET

Did you or your business own any inventory on January 1, this year? Yes ☐ No ☐.
If yes, please list in space provided below. Show total 100% cost, do not include licensed motor vehicles, or dealer heavy duty equipment for sale weighing over 5,000 pounds and to be used for construction purposes.

1. Merchandise ______
2. Raw Materials ______
3. Goods in Process ______
4. Finished Goods ______
5. Goods in Transit ______
6. Warehoused ______
7. Consigned ______
8. Floor Planned ______
9. Spare Parts ______
10. Supplies ______
    Includes computer, medical, office and operating supplies, fuel, and tangible prepaid expensed items)
11. Packaging Materials ______
12. Livestock ______
    (Non Exempt 48-5-41.1)
13. TOTAL INVENTORY ______

Enter total on page 1 Line I schedule column. If Freeport account enter exempt amount on Line P and taxable amount on Line I.

1. Indicate your inventory accounting method (Lower of Cost or Market, Retail Method, Weighted Average, Physical, etc.) ______
2. Check Cost Method as it applies to your inventory: ☐ Actual ☐ LIFO ☐ FIFO LIFO not acceptable
3. Fiscal Year ending date of business ______
   If your Fiscal Year ends at a point in time other than January 1, you should attach a breakdown of how you arrived at your January 1 inventory.
4. Inventory reported on previous year Georgia Income Tax Return: ______
5. The 100% delivered cost should include freight, burden and overhead at your level of trade on January 1.
6. If you file a Corporate or Partnership Income Tax Return, a photocopy of your most current balance sheet (Corporation. Form 1120, Schedule A & L - Partnership, Form 1065, Schedule A & L) as filed with your U.S. Income Tax Return is requested. If you filed an Individual or Sole Proprietorship Income Tax Return, a photo copy of your most current Profit or Loss Statement Form 1040, Schedule C, Pages 1 & 2 as filed with your U.S. Income Tax Return is requested. These documents are requested for inventory verification purposes and will not be available for public inspection (O.C.G.A. § 48-5-314). Under GA Law you cannot be required to furnish any Income Tax Records or Returns.
7. Inventory is subject to audit and verification from your records or those you have filed with the State of Georgia Department of Revenue.
8. Do not make any deductions for anticipated mark-down or shrinkage. Do not discount, figures are to be taken directly from your books.
9. If inventory is less than the previous year an explanation for the decrease should be submitted.
10. Gross Sales for the previous calendar year: ______
11. All taxable livestock and farm products should be reported as inventory. See O.C.G.A. § 48-5-41.1 for details of exemption.

SCHEDULE C - CONSTRUCTION IN PROGRESS

Did you have unallocated costs for construction in progress on January 1 this year? Yes ☐ No ☐. If yes, did you have tangible personal property connected with this construction in progress that has not been reported in any other section of this schedule? Yes ☐ No ☐ If yes, please list in the space provided below. Add Indicated Value to Total on Page 1 Line F Schedule Column.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	USEFUL LIFE (YEARS)	TOTAL COST	X	MARKET VALUE FACTOR	=	INDICATED VALUE	OFFICE USE ONLY
				X	.75	=		

SECTION 1: CONSIGNED GOODS

Did you have any consigned goods, floor planned merchandise, or any other type of goods that were loaned, stored or otherwise held on January 1, this year, and not owned by you and was not reported in your inventory value in schedule B above of this report? Yes ☐ No ☐. If yes, list in the space provided below.

DESCRIPTION OF GOODS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	FULL COST	NAME AND ADDRESS OF LEGAL OWNER

SECTION 2: LEASED OR RENTED EQUIPMENT

Did you have in your possession or was there located at your business on January 1, this year, any machinery, equipment, furniture, fixture, tools, vending machines (coffee, cigarette, candy, games etc.) or other type personal property which was leased, rented, loaned, stored or otherwise located at your business and not owned by you? Yes ☐ No ☐. If yes, list the equipment in the space provided below (exclude licensed motor vehicles). Attach supplemental sheet if necessary.

NAME/ADDRESS OF OWNER	DESCRIPTION OF ITEM	SELLING PRICE	RENTAL AMOUNT PER MONTH	DATE OF MANUFACTURE	DATE INSTALLED	LENGTH OF LEASE

SECTION 3: ADDITIONS OR ITEMS TRANSFERRED IN

Did you have items which were added or transferred in for prior years or the current year that were not previously reported? Yes ☐ No ☐. If yes, list in the space provided below.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	ORIGINAL COST NEW

SECTION 4: DISPOSALS OR ITEMS TRANSFERRED OUT

Did you have items which have been sold, junked, transferred or otherwise no longer located at the business January 1 this year? Yes ☐ No ☐. If yes, list in the space provided below.

DETAILED DESCRIPTION OF ITEMS (ATTACH SUPPLEMENTAL SHEETS IF NEEDED)	YEAR ACQUIRED	DATE DISPOSED	ORIGINAL COST NEW	REASON	IF EQUIPMENT SOLD, NAME AND ADDRESS OF PURCHASER SHOULD BE LISTED BELOW

PT50PF
Rev 12/4/17

APPLICATION FOR FREEPORT INVENTORY EXEMPTION

See O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO	NAICS NO.

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

The last day for filing this application to receive full exemption is shown in the DUE DATE box above.

If filing after the DUE DATE, a reduced exemption amount may be applicable as follows: if filed April 2- April 30 (66.67% of the full exemption), if filed May 1- May 31 (58.33%), if filed on June 1 (50%). Failure to file by June 1 shall constitute a waiver of the entire exemption for the year (0.0%)

BUSINESS PHYSICAL LOCATION

IF NAME OR MAILING ADDRESS IS INCORRECT, PROVIDE CORRECT DATA

NAME:

ADDRESS:

CITY, STATE, ZIP:

1. Describe the type of business:

2. Inventory values must be reported at 100% full cost at level of trade which includes freight, burden, overhead, and other charges as of January 1 of taxable year

3. List the method of inventory valuation used:__________________________. List the method of inventory cost identification: ____________________________

4. SUMMATION OF INVENTORY

a. Total value of '**All Inventory**' held on January 1 of taxable year $

b. Total value of all inventory held as 'Stock in Trade of a Retailer' as of January 1 of taxable year $

5. FREEPORT LEVEL '1' (NOTE: Not all counties offer Level 1 Freeport – check with county for appropriate exemption % for each category)

a. "Finished Goods" held longer than 12 months $

b. Packaging materials (boxes, cartons, cases, fillers, labels, liners, pallets, plastic trays, shrink wrap, tape, etc.) $

c. Other expensed supplies (i.e. gasoline, medical supplies, office supplies, production supplies, safety gear, uniforms, etc.) $

d. Spare parts inventory $

e. Enter the 'FULL COST' for each category below and enter the combined 'FULL COST' for all categories here: → $

Category 1 – Raw materials and Goods in Process of a **MANUFACTURER**

______________ X* ____________ = __________________
'FULL COST' Category 1 Exemption % 'EXEMPTION AMOUNT'

Category 2 – "Finished Goods" manufactured in Georgia held by original **MANUFACTURER** less than 12 months

______________ X* ____________ = __________________
'FULL COST' Category 2 Exemption % 'EXEMPTION AMOUNT'

Line 5e - **Category 3** – "Finished Goods" of **DISTRIBUTOR** held less than 12 months **destined for out-of-state shipment**

______________ X* ____________ = __________________
'FULL COST' from Page 2, Line 8(e) Exemption % 'EXEMPTION AMOUNT'

Category 4 – "Stock in Trade of a **FULLFILLMENT CENTER"** held less than 12 months

______________ X* ____________ = __________________
'FULL COST' Category 4 Exemption % 'EXEMPTION AMOUNT'

f. Apply the appropriate Level 1 exemption percentages above and enter the combined 'EXEMPTION AMOUNT' on this line.
This represents the total Freeport Level '1' Exemption amount. $

6. FREEPORT LEVEL '2' (NOTE: Not all counties offer Level 2 Freeport – check with county for appropriate exemption %)

a. Enter total cost of all merchandise held as inventory from Line '4a' excluding amounts entered on Lines '5b', '5c', '5d', and '5e' $

b. Multiply Line '6a' by 'appropriate exemption % ' for Level 2 Freeport and enter amount on this line.
This represents the total applicable Freeport Level '2' Exemption amount. $

7. ATTACH AND FILE THIS FORM WITH PT50P-TAXPAYER RETURN

a. Total Freeport '1' & '2' Exemption (add Lines '5f' and '6b' and enter amount here and on PT50P, Page 1, Line 'P') $

b. Total Taxable Inventory (Subtract Line '7a' from Line '4a and enter amount here and on PT50P, Page 1, Line 'I') $

8. EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

FREEPORT LEVEL 1 - MANUFACTURING OR PRODUCTION BUSINESS (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 1. Inventory of goods in the process of manufacture or production which shall include all finished goods and raw materials held for direct use or consumption in the ordinary course of the taxpayers manufacturing or production business in this state. This exemption shall apply to tangible personal property which is substantially modified, altered or changed in the ordinary course of the taxpayer's manufacturing, processing or production operations in this state. For purpose of this exemption "Raw Materials" shall mean any material, whether crude or processed, that can be converted by manufacturing, processing, or a combination thereof into a new and useful product but shall not include unrecovered, unextracted or unsevered natural resources or packing materials.

CATEGORY 2. Inventory of "Finished Goods" manufactured or produced within this state in the ordinary course of the taxpayer manufacturing or production business when held by the original manufacturer or producer of such goods. This exemption shall be for a period not exceeding (12) months from the date such property is produced or manufactured.

FREEPORT LEVEL 1 - WHOLESALE OR DISTRIBUTION BUSINESS (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 3. Inventory of "Finished Goods" which, on January 1, are stored in a warehouse, dock, or wharf, whether public or private, and which are destined for shipment to a final destination outside this state and inventory of finished goods which are shipped into this state from outside this state and stored for transshipment to a final destination outside this state. The exemption shall be for a period not exceeding (12) months from the date such property is stored in this state. Such period shall be determined based on application of a first-in, first-out method of accounting for the inventory. The official books and records of the warehouse, dock, or wharf where such property is being stored shall contain a full, true, and accurate inventory of all such property, including the date of the receipt of the property, the date of withdrawal of the property, the point of origin of the property, and the point of final destination of the same, if known.

CALCULATE INVENTORY QUALIFIED FOR FREEPORT LEVEL 1 - CATEGORY 3:

(a) Total "Finished Goods" inventory shipments from this county during the last complete calendar year:	(a) $
(b) Total "Finished Goods" inventory shipments from this county during the last complete calendar year to an out-of-State destination:	(b) $
(c) Percentage of Out-of-State shipments: ('b' divided by 'a')	(c) %
(d) Total "Finished Goods" inventory on January 1 of this year: (Exclude inventory stored over (12) months)	(d) $
(e) Estimated out-of-State shipments this year: (multiply 'c' times 'd') Enter on Page 1, line 5e-Category 3	(e) $

FREEPORT LEVEL 1 - FULFILLMENT CENTER (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 4. "Stock in Trade of a Fulfillment Center" meaning goods, wares, and merchandise held by one in the business of making sales of such goods when such goods are held or stored at a fulfillment center and held less than 12 months and which is made available to **REMOTE** purchasers who purchase by electronic, internet, telephonic, or other **REMOTE** means, and where such stock will be **SHIPPED** from the center to a location other than the fulfillment center.

For the purpose of Freeport Level 1:
"Finished Goods" means goods, wares, and merchandise of every character and kind but shall not include unrecovered, unextracted, or unsevered natural resources or raw materials or goods in the process of manufacture or production or the Stock-in Trade of a Retailer. "Stock in Trade of a Retailer" means finished goods held by one in the business of making sales of such goods at retail in this state, within the meaning of Chapter 8 of Title 48, when such goods are held or stored at a business location from which such retail sales are regularly made. Goods stored in a warehouse, dock, or wharf, including a warehouse or distribution center which is part of or adjoins a place of business from which retail sales are regularly made, shall not be considered stock in trade of a retailer to the extent that the taxpayer can establish, through a historical sales or shipment analysis, either of which utilizes information from the preceding calendar year, or other reasonable, documented method, the portion or percentage of such goods which is reasonably anticipated to be shipped outside this state for resale purposes. "Stock in Trade of a Fulfillment Center" means goods, wares, and merchandise held by one in the business of making sales of such goods when such goods are held or stored at a fulfillment center.

FREEPORT LEVEL 2 (see O.C.G.A. 48-5-48.5 and 48-5-48.6)

FREEPORT LEVEL 2. Inventory of finished goods held by one in the business of making sales of such goods in this state and which includes goods, wares, and merchandise of every character and kind constituting a business' inventory that would not otherwise qualify for a Level 1 freeport exemption

9. SUPPORTING INFORMATION:

a. Physical location of inventory in this county. (List)

b. Does the taxpayer have written reports to support this Freeport exemption? NO ☐ Yes ☐ Provide the location of such books and records.

c. Provide NAME and CONTACT information for person responsible for answering questions pertaining to this inventory.

10. OATH OF PERSON MAKING APPLICATION FOR EXEMPTION: "I do solemnly swear, that I have carefully read (or have heard read) and have duly considered the questions propounded in the foregoing tax list, and that the value placed by me on the property listed as shown, is the true market value thereof, and I further swear, or affirm, that I returned, for the purpose of being taxed thereon, every species of inventory that I own in my right, or have control of, either as agent, executor, administrator, or otherwise; and in making this application, for the purpose of being taxed thereon, I have not attempted, either by transferring my property to another or by any other means, to evade the laws governing taxation in this state. I do further swear, or affirm, that in making this application, I have done so by estimating the true worth and value of every species of inventory contained therein."

(Taxpayer Signature)	(Title)	(Date)
(Preparers Signature)	(Title)	(Date)

11. DISPOSITION OF THE COUNTY BOARD OF TAX ASSESSORS:

~ APPROVED ~	**~ DISAPPROVED ~**

PT50PF Rev 12/4/17		

APPLICATION FOR FREEPORT INVENTORY EXEMPTION

See O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6

RETURN COMPLETED FORM TO ADDRESS LISTED BELOW

TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER

DUE DATE	MAP AND PARCEL I.D. NO	NAICS NO.

COUNTY NAME AND RETURN ADDRESS	TAXPAYER NAME AND ADDRESS

The last day for filing this application to receive full exemption is shown in the DUE DATE box above.

If filing after the DUE DATE, a reduced exemption amount may be applicable as follows: if filed April 2- April 30 (66.67% of the full exemption), if filed May 1- May 31 (58.33%), if filed on June 1 (50%). Failure to file by June 1 shall constitute a waiver of the entire exemption for the year (0.0%)

BUSINESS PHYSICAL LOCATION

IF NAME OR MAILING ADDRESS IS INCORRECT, PROVIDE CORRECT DATA

NAME:

ADDRESS:

CITY, STATE, ZIP:

1. Describe the type of business:

2. Inventory values must be reported at 100% full cost at level of trade which includes freight, burden, overhead, and other charges as of January 1 of taxable year

3. List the method of inventory valuation used:_________________________. List the method of inventory cost identification: ____________________________

4. SUMMATION OF INVENTORY

a. Total value of '**All Inventory**' held on January 1 of taxable year	$
b. Total value of all inventory held as 'Stock in Trade of a Retailer' as of January 1 of taxable year	$

5. FREEPORT LEVEL '1' (NOTE: Not all counties offer Level 1 Freeport – check with county for appropriate exemption % for each category)

a. "Finished Goods" held longer than 12 months	$
b. Packaging materials (boxes, cartons, cases, fillers, labels, liners, pallets, plastic trays, shrink wrap, tape, etc.)	$
c. Other expensed supplies (i.e. gasoline, medical supplies, office supplies, production supplies, safety gear, uniforms, etc.)	$
d. Spare parts inventory	$
e. Enter the 'FULL COST' for each category below and enter the combined 'FULL COST' for all categories here: →	$

Category 1 – Raw materials and Goods in Process of a **MANUFACTURER**

________________ X* ____________ = ____________________

'FULL COST' Category 1   Exemption %   'EXEMPTION AMOUNT'

Category 2 – "Finished Goods" manufactured in Georgia held by original **MANUFACTURER** less than 12 months

________________ X* ____________ = ____________________

'FULL COST' Category 2   Exemption %   'EXEMPTION AMOUNT'

Line 5e - **Category 3** – "Finished Goods" of **DISTRIBUTOR** held less than 12 months **destined for out-of-state shipment**

________________ X* ____________ = ____________________

'FULL COST' from Page 2, Line 8(e)   Exemption %   'EXEMPTION AMOUNT'

Category 4 – "Stock in Trade of a **FULLFILLMENT CENTER"** held less than 12 months

________________ X* ____________ = ____________________

'FULL COST' Category 4   Exemption %   'EXEMPTION AMOUNT'

f. Apply the appropriate Level 1 exemption percentages above and enter the combined 'EXEMPTION AMOUNT' on this line. **This represents the total Freeport Level '1' Exemption amount.**	$

6. FREEPORT LEVEL '2' (NOTE: Not all counties offer Level 2 Freeport – check with county for appropriate exemption %)

a. Enter total cost of all merchandise held as inventory from Line '4a' excluding amounts entered on Lines '5b', '5c', '5d', and '5e'	$
b. Multiply Line '6a' by 'appropriate exemption % ' for Level 2 Freeport and enter amount on this line. **This represents the total applicable Freeport Level '2' Exemption amount.**	$

7. ATTACH AND FILE THIS FORM WITH PT50P-TAXPAYER RETURN

a. Total Freeport '1' & '2' Exemption (add Lines '5f' and '6b' and enter amount here and on PT50P, Page 1, Line 'P')	$
b. Total Taxable Inventory (Subtract Line '7a' from Line '4a and enter amount here and on PT50P, Page 1, Line 'I')	$

8. EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

FREEPORT LEVEL 1 - MANUFACTURING OR PRODUCTION BUSINESS (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 1. Inventory of goods in the process of manufacture or production which shall include all finished goods and raw materials held for direct use or consumption in the ordinary course of the taxpayers manufacturing or production business in this state. This exemption shall apply to tangible personal property which is substantially modified, altered or changed in the ordinary course of the taxpayer's manufacturing, processing or production operations in this state. For purpose of this exemption "Raw Materials" shall mean any material, whether crude or processed, that can be converted by manufacturing, processing, or a combination thereof into a new and useful product but shall not include unrecovered, unextracted or unsevered natural resources or packing materials.

CATEGORY 2. Inventory of "Finished Goods" manufactured or produced within this state in the ordinary course of the taxpayer manufacturing or production business when held by the original manufacturer or producer of such goods. This exemption shall be for a period not exceeding (12) months from the date such property is produced or manufactured.

FREEPORT LEVEL 1 - WHOLESALE OR DISTRIBUTION BUSINESS (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 3. Inventory of "Finished Goods" which, on January 1, are stored in a warehouse, dock, or wharf, whether public or private, and which are destined for shipment to a final destination outside this state and inventory of finished goods which are shipped into this state from outside this state and stored for transshipment to a final destination outside this state. The exemption shall be for a period not exceeding (12) months from the date such property is stored in this state. Such period shall be determined based on application of a first-in, first-out method of accounting for the inventory. The official books and records of the warehouse, dock, or wharf where such property is being stored shall contain a full, true, and accurate inventory of all such property, including the date of the receipt of the property, the date of withdrawal of the property, the point of origin of the property, and the point of final destination of the same, if known.

CALCULATE INVENTORY QUALIFIED FOR FREEPORT LEVEL 1 - CATEGORY 3:

(a) Total "Finished Goods" inventory shipments from this county during the last complete calendar year:	(a) $
(b) Total "Finished Goods" inventory shipments from this county during the last complete calendar year to an out-of-State destination:	(b) $
(c) Percentage of Out-of-State shipments: ('b' divided by 'a')	(c) %
(d) Total "Finished Goods" inventory on January 1 of this year: (Exclude inventory stored over (12) months)	(d) $
(e) Estimated out-of-State shipments this year: (multiply 'c' times 'd') Enter on Page 1, line 5e-Category 3	(e) $

FREEPORT LEVEL 1 - FULFILLMENT CENTER (see O.C.G.A. 48-5-48.1 and 48-5-48.2)

CATEGORY 4. "Stock in Trade of a Fulfillment Center" meaning goods, wares, and merchandise held by one in the business of making sales of such goods when such goods are held or stored at a fulfillment center and held less than 12 months and which is made available to **REMOTE** purchasers who purchase by electronic, internet, telephonic, or other **REMOTE** means, and where such stock will be **SHIPPED** from the center to a location other than the fulfillment center.

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(Taxpayer Signature)	(Title)	(Date)
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