GEORGIA DEPARTMENT OF REVENUE

LOCAL GOVERNMENT SERVICES DIVISION

COURSE III

VALUATION OF PERSONAL PROPERTY

"The statutory materials reprinted or quoted verbatim on the following pages are taken from the Official Code of Georgia Annotated, Copyright 2016 by the State of Georgia, and are reprinted with the permission of the State of Georgia. All rights reserved."

For Educational Purposes Only:

The material within is intended to give the course participant a solid understanding of general principles in the subject area. As such, the material may not necessarily reflect the official procedures and policies of the Georgia Department of Revenue or the Department's official interpretation of the laws of the State of Georgia. The application of applicability to specific situations of the theories, techniques, and approaches discussed herein must be determined on a case-by-case basis.

April 7, 2016

Contents

Course Description 3

Resources 4

Official Code of Georgia Annotated Legal Reference 5

Rules and Regulations of the State of Georgia 8

Judicial Decisions 12

Brief History of the Property Tax in Georgia 15

The Personal Property Appraisal Staff Statutory/Regulatory Duty 16

Personal Property Defined 17
- Identification of Selected Items as Real or Personal 22
- Classification and Stratum 28

Valuation Defined 31

The Appraisal Process 42
- Appraisal Process Flow Chart 43
- Definition of the Problem
  - Identifying the property to be appraised 44
  - Determining the property rights to be appraised 56
    - Summary of Exemptions 56
  - Defining the purpose and function of the appraisal 133
  - Specifying the date of the appraisal 133
  - Defining the type of value to be estimated 133
- Preliminary Survey and Appraisal Plan 134
  - Personal Property Timeline 134
- Data Collection and Analysis 136
  - The Audit Appraisal Method 138
  - The Physical Appraisal Method 139
- Application of Data 145
  - Sales Comparison Approach 146
  - Income Approach 166
  - Cost Approach 174
- Correlation/Reconciliation of Indicated Value 213
- Final Value Estimate 213

Audits 214
References 269
Personal Property Forms 341

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.

The following topics will be covered during the course:

1. Personal Property Appraisal Resources
2. Brief History of Property Tax in Georgia
3. The Personal Property Appraisal Staff's Duty
4. Personal Property Defined
5. Valuation Defined
6. The Appraisal Process
7. Audits

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 address indicated on the yellow sheet 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

560-11-10-.01 Purpose and Scope

(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 regards 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

Board of Tax Assessor's Policy Manual

International Association of Assessing Officers

Uniform Standards of Professional Appraisal Practice

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 exemption
48-5-41.2	Exemption from taxation of personal property in inventory for business
48-5-42	Exemptions of household goods and $300 personalty exemption
48-5-42.1	$7,500 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
48-6-90	Taxation of banks and savings and loan

CODE SECTION	DESCRIPTION
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 nay 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-50MA
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(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*
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

RULE/REGULATION	DESCRIPTION
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.(iii)(I)	Group I composite conversion factors
560-11-10-.08(5)(f)4.(iii)(II)	Group II composite conversion factors
560-11-10-.08(5)(f)4.(iii)(III)	Group III composite conversion factors
560-11-10-.08(5)(f)4.(iii)(IV)	Group IV 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
560-11-10-.08(5)(f)5.(g)	*Income approach*
560-11-10-.08(5)(f)5.(g)1.	Straight-line capitalization method

RULE/REGULATION	DESCRIPTION
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**

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
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

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 land owners. 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, "Negro slaves," pleasure carriages, goods, wares and merchandise. As it is today, certain personal properties were allowed exemptions:

- Plantation and mechanical tools
- $300 of household items
- Annual crops and provisions
- Personal property belonging to any charitable institution
- Stocks owned by the state

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 in equities 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

(1) 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 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?

(a) Distinguishing personal property. The appraiser shall be required to correctly identify personal property and distinguish it from real property where the proper valuation procedures, as set forth in this Rule, may be followed.

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.

4. Should I use market, cost or income to value the property?

Thus, rendering a final 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.

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.

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

44-1-3 Personalty defined: All property which is moveable in nature

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.

49-1-2(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.

Appraisal Procedures Manual

Rule 560-11-10-.02(1) Definitions

(r) 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.

(s) 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.

(gg) 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?

Intent

Annexation **Adaptation** **Agreement**

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 582*582 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).

As in Camp, the 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. As in Camp, the 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 583*583 service, duties "which generally are not characteristic of grantors of estates for years." Camp at 40-41, 205 S.E.2d 194. 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.

On other occasions, the APM provides clear instructions on how to identify a particular kind of personal property (i.e. trade fixtures).

2. Identification of trade fixtures. When property the appraiser believes is a trade fixture has not been returned by the tenant, the appraiser shall require the tenant to produce their lease agreement and shall carefully review the agreement before making a recommendation to the board of tax assessors regarding the classification of the property in question. The appraiser shall inform the tenant that they may redact, at their option, any information relating to the payments that are required by the lease agreement.

It may be necessary to make a site visit with a real property appraiser for leasehold improvements that pose difficulty to classify as real or personal property. Obtain a list of the leasehold improvements and compare to real property assessment. Reconcile the real property items to the landlord and the applicable leasehold improvements *(FULTON COUNTY BOARD OF ASSESSORS V. MCKINSEY & CO.,INC.)* to the lessee taking the above rule into consideration regarding the lease agreement.

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
Flag Pole		XX
Floors, Computer Room		XX
Floor Coverings, Hard Surface	XX	
Fork Lifts		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	
Laboratory Equipment		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
Satellite Dish		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 Not 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.

(2) Classification. The appraisal staff shall classify personal property as provided in Rule 560-11-2-.21 for inclusion in the county tax digest.

560-11-2-.20 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**:

(a) 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.

(c) 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.

(i) 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.

(k) 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**:

(a) 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.

(b) 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.

(c) 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 and 48-5-48.6.

This stratum shall also include livestock and other agricultural products.

(d)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.

(e) 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.

(f) Other Personal **(O)**

This stratum shall include all personal property not otherwise defined in this paragraph.

CLASSIFICATION & STRATUM REVIEW

Identify if it's a class or strata (C or S) and apply the appropriate letter for class or strata.

AGRICULTURE			INDUSTRIAL		
AIRPLANE			INVENTORY		
BOAT			MACHINERY		
COMMERCIAL			OTHER		
PREEPORT INV			RESIDENTIAL		

Identify the class and strata for the following.

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

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

3. C. Michelle Hughes owns a 2013 Austin Parker 64 Flybridge Motor Yacht.

4. Creflo Dollar owns a Gulfstream III jet.

5. Creflo Dollar Ministries Incorporated 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. Coretta Robinson owns a pair of 2014 3-seater Seadoos (Jet skis).

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.

Value

Since this course is entitled valuation of personal property, it is also imperative that we define value. 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

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:

a) The machine is not installed, or is to be removed if in place.

b) The highest and best use concept does not apply because the machine is not presently in use.
c) The machine is not employed as part of the business enterprise, or can be removed from the business process and sold.
d) The machine is not state of the art.

Value in Use

Value in use 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:

a) The machine is installed.
b) The highest and best use is as installed for the purpose of producing income or a product/service.
c) The machine is employed; that is, it is part of the business enterprise used to produce income.
d) 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. 48-5-3(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.

What is a going concern?

A **going concern** is a business that functions without the threat of liquidation for the foreseeable future, usually regarded as at least within 12 months.

www.wikipedia.org

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.

Example: The iphone cost Apple $100 to produce. Apple produced a limited number of iphones and sold to customers for $200.

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.

Example: A customer purchased 5 iphones at the price of $200 each. Once Apple sold out of its supply, the customer advertised the iphones on Ebay and received bids up to $500 each for the iphones.

Because there are various values of interest to buyers and sellers, appraisers do not use the term value alone; instead they add the type of value being sought to the term value, such as market value, use value, assessed value, and so on.

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.

"Fair market value of property" 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 is available, shall be considered in determining the fair market value of income-producing property. 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, and depreciation, 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)

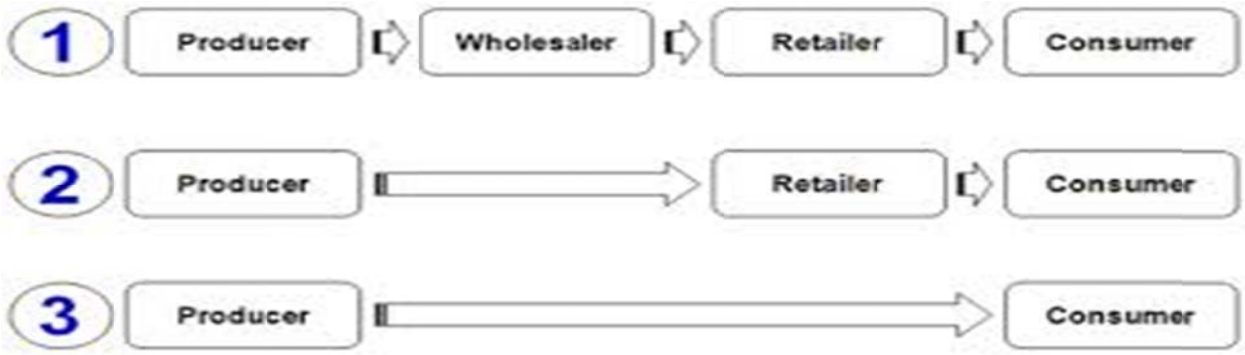
**Profit for the next level of trade is excluded.

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 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.

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

Questions to ponder:

1. Is the software embedded?
2. Will the machine work without the software? (i.e. Dialysis, MRI machine)
3. Are there different levels of software?
4. Is the cost of the software segregated?
5. Is the machine worthless without the software?

Unfortunately, there is no case law that explains the different aspects of computer software. The appraiser must use the law and the appraisal expertise to determine the software's taxability.

The level of trade concept will be discussed more in depth with the discussion of inventory and Freeport exemption.

Review

Explain the following Code Sections in relation to personal property.

48-5-268:_____

_____

48-5-2(3)(A):_____

_____

48-1-8:_____

_____

44-1-3:_____

_____

What are the four directives provided by Rule 560-11-10-.08(1) Personal Property Identification and Rule 560-11-10-.08(1)(a) Distinguishing Personal provide?

1._____

2._____

3._____

4._____

What are the two classes of personal property? List examples of each.

1._____

2._____

Which of the following is false regarding personal property?

a. 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.
b. "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.
c. "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.
d. Trade fixtures shall not be classified as personal property.

Which of the following are not examples of tangible personal property?

a. Aircrafts
b. Boats and motors
c. Raw material, Work in Process, Finished Goods inventory
d. Machinery, Equipment, Furniture & Fixtures
e. All of the above are examples of tangible personal property

What are the three basic tests to distinguish between real and personal property?

1._____

2._____

3._____

What court case decision states that certain improvements to leased space is not taxable to the taxpayer/lessee?_____

When an appraiser believes a trade fixture has not been returned by a tenant, what can the appraiser require the tenant to produce?_____

What's the difference between value in use and value in exchange?

Value in use: _____

_____

_____

Value in exchange: _____

_____

_____

What court case states that value in use is an appropriate method to determine the fair market value of machinery and equipment for tax purpose?_____

How many levels of trade exist? Name them._____

_____

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

(2) 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.

(3) 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.

(4) 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

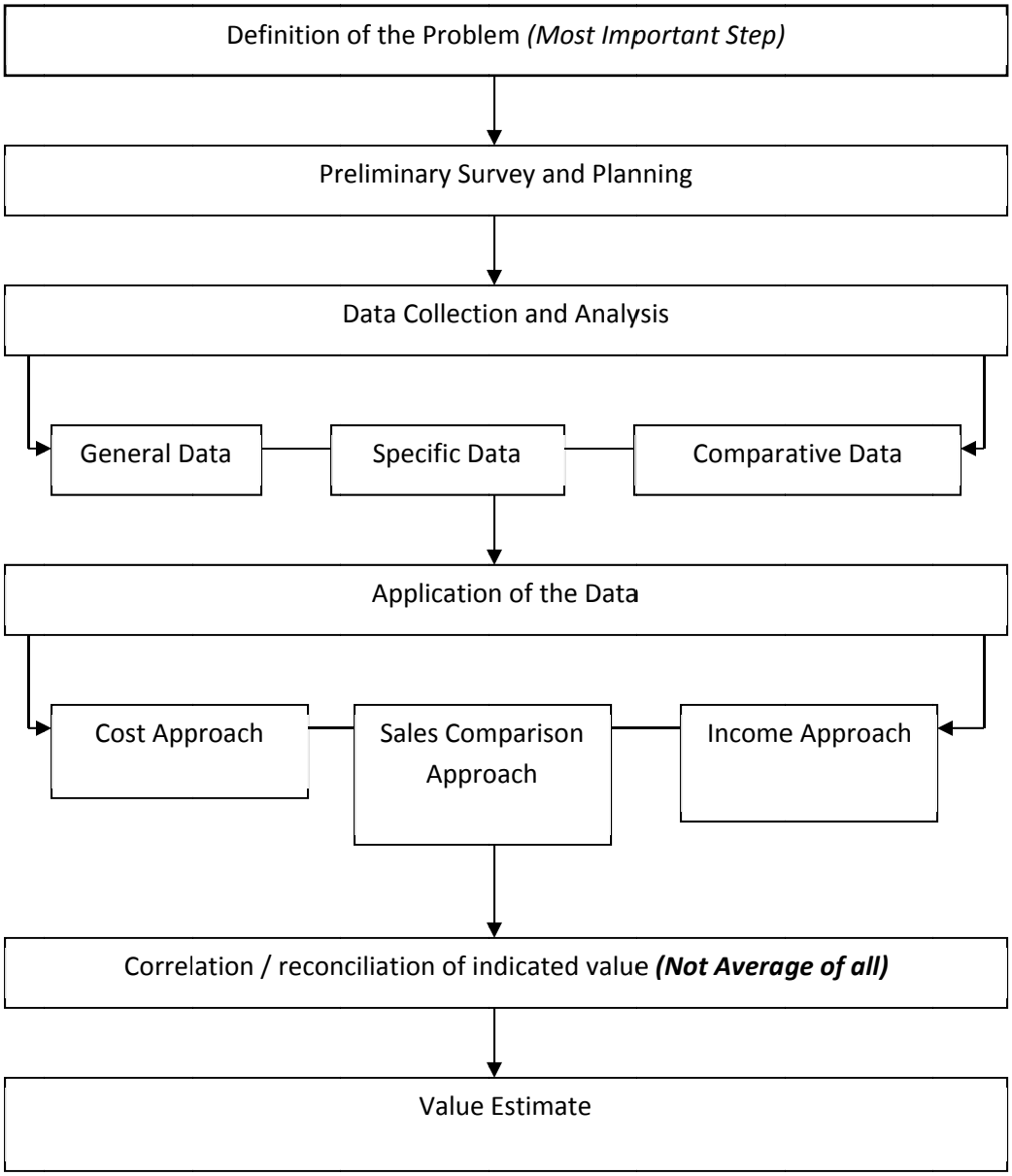


Chart courtesy of

Property Assessment Valuation – 2nd Edition -

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
Building License Permits
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
Clerk's Office (Deeds)
DNR – Water Resources
Word of Mouth
Other Counties
ASK
Market Bulletins
Rental Properties
Exempt Property Owners

Specialized Assessment Applications
Department of Agriculture
Model Homes
Business Cards
Mail Rooms
Coffee Shops
Chamber of Commerce
Postal Workers
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.

<u>Personal Property Returns (PT-50P, PT-50M, PT-50A) & Schedules (A, B, C, D)</u>
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.

Beth Ann Perkins
Outdoor Advertising Manager
Georgia Department of Transportation
600 West Peachtree Street, Floor 10
Atlanta, GA 30308
Office: 404-631-1396
Cell: 404-326-6797
Fax: 404-631-1933
bperkins@dot.ga.gov

Permit Numb	Permit Date	Permit Type	County	City	Route	Milepost	Latitude	Longitude	Permit Status	Sign Status	Sign Owner	Sign Owner Contact	Sign Owner Address
04295	12/19/1977 12:00:00 AM	Standard Sign	Fulton		000900	2.42	33.80461764	-84.39381208	Active	Standing	OUTFRONT Media LLC-Atlanta	Susan Fromm	3745 Atlanta Industrial Drive
UN-121-028		Standard Sign	Fulton		000900	2.562	33.80553607	-84.39358365	UnAuthorized	Standing			
06310	4/20/1982 12:00:00 AM	Standard Sign	Fulton		000900	2.681	33.80634955	-84.39347386	Active	Standing	OUTFRONT Media LLC-Atlanta	Susan Fromm	3745 Atlanta Industrial Drive
07173	2/16/1984 12:00:00 AM	Standard Sign	Fulton		000900	2.712	33.8067644	-84.39429636	Active	Standing	OUTFRONT Media LLC-Atlanta	Susan Fromm	3745 Atlanta Industrial Drive
07084	12/1/1983 12:00:00 AM	Multi-Message Sign	Fulton	Atlanta	000900	3	33.81102967	-84.39282886	Active	Standing	Lamar Outdoor Advertising-Atlanta	Tim Adrien	6597 Peachtree Ind. Blvd.
05159	1/3/1980 12:00:00 AM	Standard Sign	Fulton		000900	3.049	33.81173501	-84.391877	Active	Standing	OUTFRONT Media LLC-Atlanta	Susan Fromm	3745 Atlanta Industrial Drive
06205	2/12/1982 12:00:00 AM	Standard Sign	Fulton		000900	3.051	33.81186981	-84.3925601	Active	Standing	Clear Channel Outdoor	Al Harkins	1200 Wilson Way, Suite C

Permit Number: Number located on Billboard
Permit Date: Date permit was applied/approved
Permit Type: Standard Sign or Multi-media for LED or Tri-Vision signs
Sign Location: County, City, Route (SR-9), Milepost (3.00), Latitude/Longitude (33.81102967,-84.39282886)
Permit Status: Active, Lapsed, UnAuthorized
Sign Status: Standing
Contact Information: Sign Owner, Sign Owner Contact Person, Sign Owner Address

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.

GEORGIA
DEPARTMENT OF NATURAL RESOURCES
WILDLIFE RESOURCES DIVISION

STATE OF GEORGIA
VESSEL REGISTRATION APPLICATION

Georgia Law O.C.G.A. 52-7-4 requires ALL mechanically propelled vessels used on waters of the state to be registered, except for sailboats less than 12 feet in length and vessels used only on private ponds.

VESSEL REGISTRATION FEES

VESSEL REGISTRATION AND RENEWAL FEES			ADDITIONAL FEES		TRANSACTION FEES	
VESSEL CLASS / DESCRIPTION		3-YEAR FEE	TYPE	FEE	*APPLIED TO ALL BOAT TRANSACTIONS* TRANSACTION SERVICE	FEE
Class A	Vessels up to 15ft, 11ins in length	$15.00	Transfer	$3.00	Mail-In	$10.00
Class I	Vessels 16ft up to 25ft, 11ins in length	$36.00	Duplicate	$1.00	Internet	$8.00
Class II	Vessels 26ft up to 39ft, 11ins in length	$90.00	Marine Toilet	$5.00	Telephone	$10.00
Class III	Vessels 40ft in length and over	$150.00	Certificate			

3 ways to RENEW a Georgia Registration or obtain a DUPLICATE Registration:

- Go to www.georgiawildlife.com and select Vessel Registration on the right hand side. Click on RENEW Registration.
- Mail in the VESSEL REGISTRATION APPLICATION.
- Call 1-800-366-2661 to RENEW registration over the telephone. Must use credit card for payment.

NEW, TRANSFER, TRANSFER & RENEWAL, and MARINE TOILET all must be submitted BY MAIL in application or TELEPHONE.

1) Complete all spaces on the VESSEL REGISTRATION APPLICATION.
2) Write the payment amount in the box provided at the bottom of the application form.
3) Do not send cash! Make checks and money orders payable to GEORGIA DNR.
4) BE SURE TO SIGN YOUR REGISTRATION APPLICATION.
5) Mail the application along with your payment and all required documentation to this address:

Mail to:
GA Dept of Natural Resources
P O Box 934943
Atlanta GA 31193-4943

TRANSACTION TYPE AND REQUIRED DOCUMENTATION:

In order to avoid unnecessary delays in processing your vessel registration and delivery of your decals, please provide all required documentation as indicated here:

REGISTRATION TYPE	PROOF OF PURCHASE	PROOF OF OWNERSHIP
NEW Vessel Registration All brand new vessels	*~ Required ~* Purchase Receipt from dealer or store	*~ Original Required ~* Manufacturer's Statement of Origin
NEW Vessel Registration for all vessels Registered or Titled in another STATE. Vessel is now coming to Georgia	*~ Required ~* Notarized or Witnessed Bill of Sale with complete vessel information and buyer/seller information	*~ Original Required ~* TITLE (only for Vessels coming from a Title State) OR, Registration card of the previous Vessel owner or letter from previous State registration office.
NEW Vessel Registration Used Vessel with NO Registration. Vessels never Registered or Titled in any STATE.	*~ Required ~* Notarized or Witnessed Bill of Sale with complete vessel information and buyer/seller information	*~ Required ~* Call 1-800-366-2661 for Vessel Registration Research and Verification with United States Coast Guard
RENEW GA Registration Only	*~ Not Required ~*	*~ Not Required ~*
TRANSFER of Ownership Transfer a GA Registration to a new owner in Georgia.	*~ Required ~* Notarized or Witnessed Bill of Sale with complete vessel information and buyer/seller information	*~ Required ~* Registration card from the previous vessel owner. If Registration has been expired, then submit a letter from previous vessel owner stating sale

For complete details on supporting documents to register vessels, please visit www.goboatgeorgia.com

A MANUFACTURER'S HULL IDENTIFICATION NUMBER IS REQUIRED FOR ALL BOATS BUILT IN 1972 OR NEWER.
In order to avoid unnecessary delays in processing your vessel registration and delivery of your boat decals, please be sure to validate your hull identification number (HIN) before submitting your registration. Omitting or incorrectly recording your hull identification number will prevent this registration from being completed.
U.S. COAST GUARD DOCUMENTED VESSEL: If the U.S. Coast Guard documents the vessel, be sure to include the correct U.S.C.G. documentation number and also submit a copy of the U.S.C.G. form bearing this number.

MARINE TOILET DECAL: Required for all boats that have a permanent marine toilet on board, and which are used on the major lakes in Georgia. Some lakes prohibit the use of vessels with marine toilets; please check our website before operation. www.goboatgeorgia.com

HOMEMADE VESSELS: Required to have a state assigned Hull Identification Number (HIN) regardless of year built.
Please visit our website at www.goboatgeorgia.com to contact your County Conservation Ranger to assign a State HIN and inspect the vessel.

Purchases are considered final and non-refundable

STATE OF GEORGIA
VESSEL REGISTRATION APPLICATION

Please begin by selecting one of the following transaction types. Please circle or mark with an "X".

NEW Georgia Registration	Renew GA Registration	Transfer Georgia Registration	Transfer of Ownership AND Renew GA Registration	Duplicate Decals	Marine Toilet Certificate

APPLICANT INFORMATION ☐ INDIVIDUAL ☐ BUSINESS

VESSEL OWNER NAME OR BUSINESS NAME	LAST	FIRST	MI	Driver License Number	DL State
	Business Name with Contact Person			SSN	DATE OF BIRTH M D Y
MAILING ADDRESS	STREET, ROUTE or PO BOX				HOME PHONE #
	CITY		ST	ZIP	CELL PHONE #
Co-Owner(s) Name	LAST	FIRST	MI	DATE OF BIRTH M D Y	

This VESSEL is: NEW ☐ USED ☐ **This VESSEL is kept in which GA County:**

GA REGISTRATION NUMBER (ex. GA1234ZZ) GA-	EXPIRATION DATE	MAKE OF BOAT	YEAR BUILT
HULL ID NUMBER		OUT OF STATE REGISTRATION NUMBER	LENGTH FT IN
VESSEL EQUIPED WITH MARINE TOILET ☐ YES ☐ NO	MARINE TOILET CERTIFICATE NUMBER	MANUFACTURE SOURCE ☐ HOMEBUILT ☐ REBUILT ☐ FACTORY BUILT	

CONSTRUCTION (Check One)	PROPULSION (Check One)	FUEL (Check One)	TYPE USE (Check One)	VESSEL USE (Check One)
☐ Aluminum	☐ Inboard	☐ Gas	☐ Open	☐ Pleasure
☐ Steel	☐ Outboard	☐ Diesel	☐ Cabin	☐ Livery
☐ Wood	☐ Sail	☐ Electric	☐ House	☐ Dealer/Mfg.
☐ Fiberglass	☐ Other	☐ Other	☐ Home Made	☐ Commercial Fishing
☐ Other	☐ Inboard Outdrive		☐ PWC/Jet Ski	☐ Commercial Passenger
			☐ Other	☐ Commercial Other

VESSEL PURCHASED FROM (Not Required for Renewals Only or Duplicates)

LAST	FIRST	MI	DATE OF PURCHASE M D Y
STREET, ROUTE OR BOX			HOME PHONE #
CITY	ST	ZIP	State Vessel Purchased From:

USCG DOCUMENTED VESSELS	LIEN INFORMATION	
DOCUMENTATION NUMBER (Include copy of) US-	FIRST LIEN HOLDER	DATE OF LIEN M D Y

O.C.G.A. 16-10-20: "A person who knowingly and willingly makes a false, fictitious or fraudulent statement…in any matter within the jurisdiction of any department or agency of state government…shall, upon conviction thereof, be punished by a fine of not more than $1000 or by imprisonment for not less than one nor more than five years, or both."

Signature of Owner(s)	Signature of Owner(s)	Date
Email Address:		

*********TEMPORARY CERTIFICATE valid for 30 days only in Georgia*********

IMPORTANT: APPLICANT MUST KEEP A COPY of this completed application and A COPY OF PAYMENT while the boat is being operated. It is your responsibility to submit all required documents to complete this transaction.

DO NOT SEND CASH **Total fees, including Transaction fees: $** **DO NOT SEND CASH**

See instruction page for fee details.

Purchases are considered final and non-refundable
CALL 1-800-366-2661 for assistance

Mail Application To:

GA Department of Natural Resources
P.O. Box 934943
Atlanta, GA 31193-4943

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 regards to discovery such as the Owner's Name, Owner's Address, Processed Date, Year Built, Manufacturer, Length, Boat Type, Hull Material, and Propulsion.

This list does not include boats used strictly on private ponds or lakes, sailboats less than 12 feet and rowboats, canoes, kayaks, and rubber rafts without mechanical propulsion

Ga Cert Number	Owner Name	(Stat)	Street City / State / Zip	Expire Added	Manufacturer Hull ID Number	Ft / In Year	Cls Ownr	Hull Prop	Boat
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR
6382HX	ABEL EDWARD E	N	170 SHEPPARD RD FRANKLIN, GA 30217	11/30/12 11/23/09	SMOKER CRAFT SYL48207C303	18 0 03	1 GRP	ALUM OUTB	OTHR

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.

Important Note:
FEDERAL DOCUMENTATION DOES NOT AFFECT TAXABILITY IN ANY MANNER.

The United States Coast Guard is charged with tracking information on certain registered commercial and recreational vessels five (5) net tons and over. There is no requirement for pleasure yachts to be documented, however, it can be advantageous to them when entering foreign ports and when applying for a preferred mortgage. The data can be found in the "Merchant Vessels of the United States (CG 408)" document. This document includes the name of all U.S. merchant and recreational vessels subject to the laws of the United States:

•ownership information
•vessel dimensions
•official number
•port of documentation (home port)
•authorized trade endorsements
•hull numbers
•manufacturer information
•hailing port
•build (when available)
•vessel tonnage

The "Merchant Vessels of the United States" is available in electronic form via CD-ROM – the print edition ceased in 1994. The document is available for purchase at a cost of $145 (US dollars), plus shipping and handling. The book can be ordered by calling (800) 553-6847 or writing:

National Technical Information Services (NTIS)
5285 Port Royal Rd.
Springfield, VA 22161

A titular document can be purchased at an additional cost including information about 1) bills of sale for a vessel, 2) mortgages and 3) notices of lien if the name and official number of the vessel is provided.

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).

N-#	Serial No	Name Address	Manufacturer Name/Year	Model	Certificate Issue Date	Aircraft Weight	Type
1014G	20049C	Upchurch Kenneth A 3649 Spring Branch Rd, Baxley, GA 31513	Maule 1996	MX-7-180A	03/12/2003	Up to 12,499	I
2087Z	15059887	Turner Lamar R 459 GW Turner Rd Baxley, GA 31513	Cessna 1963	150C	10/14/2004	Up to 12,499	I

Note: 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.

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.

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

This information should be clerically audited or checked against the owner's return. Many items of unlisted property and many owners (lessors) of leased property are discoverable through this simple internal audit.

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.

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."

Please list name of owner.

Please list quantity and description of equipment.

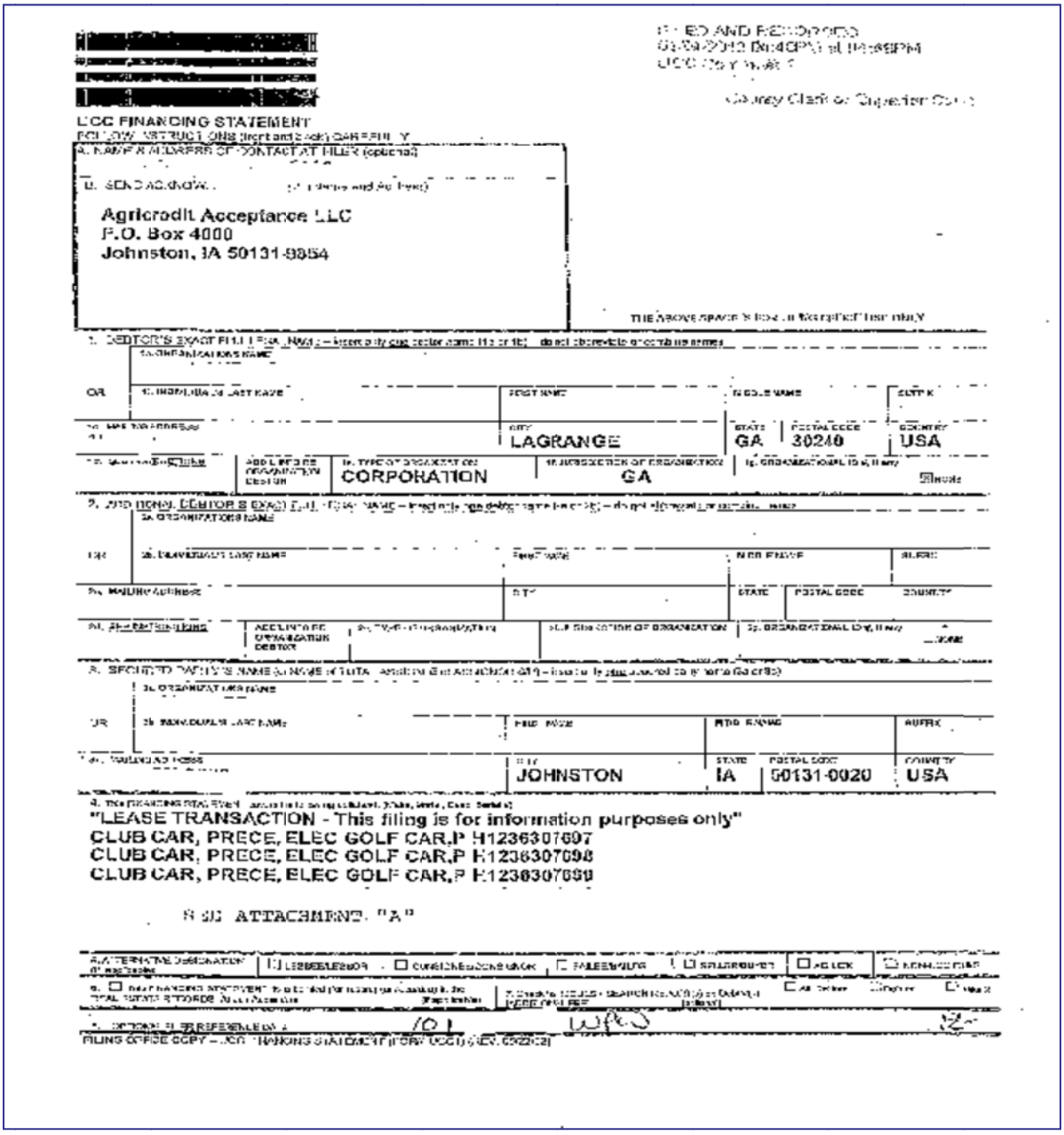
Please list selling price new of equipment.

Please list date of lease.

Please list annual rent.

Please list length of lease.

3. Check the chattel mortgages on Uniform Commercial Code Forms which record many leases of equipment. 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.



UCC FINANCING STATEMENT

Agricredit Acceptance LLC
P.O. Box 4000
Johnston, IA 50131-0854

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

CORPORATION | GA

LAGRANGE | GA | 30240 | USA

JOHNSTON | IA | 50131-0020 | USA

"LEASE TRANSACTION - This filing is for information purposes only"
CLUB CAR, PRECE, ELEC GOLF CAR,P H1236307697
CLUB CAR, PRECE, ELEC GOLF CAR,P H1236307698
CLUB CAR, PRECE, ELEC GOLF CAR,P H1236307699

SEE ATTACHMENT "A"

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, 2014	
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 possibly the next 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.

Depreciation Worksheet (Keep for your records.)

Description of Property	Date Placed in Service	Cost or Other Basis	Business/ Investment Use %	Section 179 Deduction and Special Allowance	Depreciation Prior Years	Basis for Depreciation	Method/ Convention	Recovery Period	Rate or Table %	Depreciation Deduction

Review

1. What are the primary authoritative sources the appraisal staff must utilize when rendering fair market valuations? Secondary sources?
   a. _____
   b. _____
   c. _____
   d. _____

2. What is the first and most important step of the appraisal process? _____
   _____

3. How many functions does the first step in the appraisal process have? Name them.
   _____
   _____
   _____
   _____

4. Define discovery. What is the number one tool for discovering personal property?
   _____
   _____
   _____
   _____

5. What are the best methods utilized to discover the following properties:

   a. Billboards: _____
   b. Watercraft: _____
   c. Aircraft: _____
   d. Leased equipment: _____
   e. Business personal property: _____

6. Boats used strictly on private ponds or lakes must be registered with the state of Georgia. True or False.

7. How many **approaches to value** exist? Name them.
   _____
   _____

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 – Qualified farm products
48-5-41.2 – Inventory for business (state ad valorem taxation only)
48-5-42 – Household furniture, furnishings, and personal effects
48-5-42.1 – Personal property values at $7,500.00 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
38-62-3 – Development Authority
560-10-30-.13 - 1940 Soldiers and Sailors Relief Act

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 a 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

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.

2010 – NUCI PHILLIPS V. ATHENS-CLARKE

Supreme Court of Georgia
Jane Hansen, Public Information Officer
244 Washington Street, Suite 572
Atlanta, Georgia 30334
404-651-9385
hansenj@gasupreme.us

SUMMARIES OF OPINIONS

Published Monday, November 8, 2010

Please note: *Opinion summaries are prepared by the Public Information Office for the general public and news media. Summaries are not prepared for every opinion released by the Court, but only for those cases considered of great public interest or in which a Justice dissented or the Court reviewed a case from the Court of Appeals. Opinion summaries are not to be considered as official opinions of the Court. The full text of these and all other recent Court opinions are available on the Supreme Court website at* www.gasupreme.us .

NUCI PHILLIPS MEMORIAL FOUNDATION, INC. V. ATHENS-CLARKE COUNTY BOARD OF TAX ASSESSORS (S10G0448)

In a 4-to-3 vote, the Supreme Court of Georgia has reversed a decision by the Georgia Court of Appeals and ruled in favor of a foundation started by a woman whose son committed suicide while a student at the University of Georgia.

In today's ruling, written by **Presiding Justice George Carley**, the majority has found that under state law, the foundation qualifies for a property tax exemption for the building it uses for a program designed to prevent other suicides.

Nuci Phillips was a talented young musician who suffered from depression and ultimately took his own life. His mother, Linda Phillips, established the Nuci Memorial Foundation, Inc., which operates a facililty in Athens called "Nuci's Space." The purpose of the facility is to offer a safe place where musicians and others can practice and listen to music, drink coffee and attend support groups that offer help for depression and emotional disorders. According to briefs filed in the case, Nuci's Space makes no profits. Those who need professional therapy are triaged by Mrs. Phillips and referred to low-cost therapy. Nuci's Space charges no fees to those seeking help, and it helps defray the cost of therapy for those who cannot afford it. To raise funds to support the program, the foundation rents out the facility for private birthday parties and wedding receptions. It also rents out rehearsal space to musicians.

After the Athens-Clarke County Board of Equalization granted the foundation an exemption from ad valorem taxes for the Nuci's Space facililty, the Athens-Clarke County Board

of Tax Assessors challenged it in court, arguing that the building is also used for non-charitable activities that have nothing to do with suicide prevention. But the Clarke County court ruled in favor of Nuci's Space, finding that the "Foundation has proven by a preponderance of the evidence that it is an institution devoted entirely to charitable pursuits,…" and that all "funds collected by [Petitioner] directly support the programs, services and mission of [Petitioner]." On appeal, the Court of Appeals reversed that decision, finding that Nuci's Space did not qualify for an exemption because the facility is not used "exclusively" for charitable purposes.

At issue in this case is Official Code of Georgia §48-5-41(d) (2), which the Georgia legislature amended in 2007. It states that "a building which is owned by a charitable institution that is otherwise qualified as a purely public charity and that is exempt from taxation…and which building is used by such charitable institution exclusively for the charitable purposes of such charitable institution…may be used for the purpose of securing income so long as such income is used exclusively for the operation of that charitable institution."

In today's majority opinion, the Court finds that "the General Assembly must have intended to allow those institutions that otherwise qualify as a purely public charity to use their property to raise income from activities that are not necessarily charitable in nature so long as the 'primary purpose' of the property was charitable and any 'income is used exclusively for the operation of that charitable institution.'" The activities cited by the Board of Tax Assessors, such as party rentals, "are an incidental use of the property and have the sole purpose of raising funds to be used for the organization's charitable services," the majority finds. In light of the amended statute, any non-charitable activities "which have the sole purpose of raising income to be utilized in furtherance of the organization's charitable purposes, now qualify as activities exclusively devoted to the institution's charitable pursuits," the majority rules. Joining the majority are Justices Hugh Thompson, Harold Melton and David Nahmias, who concurs in the judgment only.

In the dissent, **Chief Justice Carol Hunstein** writes that "the majority incorrectly analyzes the recent amendments to OCGA § 48-5-41 (d) and fails to rely upon the plain language of the current statute in reaching its result…" The legislature "in its wisdom chose to amend [the statute] in 2007 to restrict the circumstances under which income-generating property will be tax exempt, and I would hold that the Court is 'constrained by the language of the statute to reach this result,'" the dissent says. This Court has ruled before that for a property to qualify as an institution of "purely public charity," it must meet three criteria, including that "the use of the property must be exclusively devoted to those charitable pursuits."

"Because the Nuci's Space property is not used by the Foundation exclusively for its charitable purposes, I would hold that the property is not entitled to exemption from ad valorem taxation and would affirm the decision of the Court of Appeals," says the dissent, joined by Justices Robert Benham and P. Harris Hines.

Attorney for Appellant (Nuci): James Warnes
Attorneys for Appellee (Assessors): William Berryman, Jr., Amy Gellins

On the other hand, NUCI PHILLIPS V. ATHENS-CLARKE Supreme Court case ruled that if a purely public charity produces incidental income from non-charitable pursuits as long as the incomes sole purpose is used to fund the organization's charitable purpose the organization can maintain its exempt status.

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.

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

air pollution control equipment	water pollution control equipment
fabric filters	clarifier
mechanical collectors	aerator
electrostatic precipitators	dissolved air flotation unit
inertial separators	equalization basin
afterburners	influent pump
scrubbers	gas chlorinator

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.

The applications are submitted to:

Ms. Doralyn Kirkland
EPD Director’s Office
2 Martin Luther King Jr. Drive
Suite 1456 East Tower
Atlanta, GA 30334
404.373.5947/888.373.5947 (toll-free in Georgia)

State of Georgia Department of Natural Resources Environmental Protection Division		2 Martin Luther King Jr. Drive, Suite 1152 East Tower Atlanta, GA 30334 Telephone: 404.657.5947 or 888.373.5947 (toll-free in Georgia)

GEORGIA EPD
APPLICATION FOR CERTIFICATE OF EXEMPTION
MACHINERY FOR REDUCING OR ELIMINATING AIR POLLUTION

1. General Instructions and Definitions

In order to qualify for certificate of exemption for reducing or eliminating air pollution, the machinery must meet the definition of Air Pollution Control Equipment in the Georgia Rules for Air Quality Control as defined in Georgia Rule 391-3-1-.02(11). This definition of Air Pollution Control Equipment is also in the Georgia EPD Air Protection Branch's "Procedure to Calculate a Facility's Potential to Emit and to determine its Classification," Revised August 26, 2008.

Air Pollution Control Equipment: Equipment, other than inherent process equipment, that is used to destroy or remove air pollutant(s) prior to discharge to the atmosphere. The types of equipment that may commonly be used as control devices include, but are not limited to, fabric filters, mechanical collectors, electrostatic precipitators, inertial separators, afterburners, thermal or catalytic incinerators, adsorption devices (such as carbon beds), condensers, scrubbers (such as wet collection and gas absorption devices), selective catalytic or non-catalytic reduction systems, flue gas recirculation systems, spray dryers, spray towers, mist eliminators, acid plants, sulfur recovery plants, injection systems (such as water, steam, ammonia, sorbent or limestone injection), and combustion devices independent of the particular process being conducted at an emissions unit (e.g., the destruction of emissions achieved by venting process emission streams to flares, boilers or process heaters). For purposes of this application, a control device does not include passive control measures that act to prevent pollutants from forming, such as the use of seals, lids, or roofs to prevent the release of pollutants, use of low-polluting fuel or feedstocks, or the use of combustion or other process design features or characteristics.

Inherent Process Equipment: Equipment that is necessary for the proper or safe functioning of the process, or material recovery equipment that the owner or operator documents is installed and operated primarily for purposes other than compliance with air pollution regulations. Equipment that must be operated at an efficiency higher than that achieved during normal process operations in order to comply with the applicable emission limitation or standard is not inherent process equipment. For the purposes of this application, inherent process equipment is not considered a control device.

2. Current Air Quality Permitting Status and Technical Contact for Air Pollution Control Equipment

a. Facility Name and Address: _____

b. Does the facility currently have an Air Quality Permit?

☐ Yes ☐ No

c. If yes, please list the Air Quality Permit Number: _____

d. What is the Air Quality Permit status of the Air Pollution Control Equipment for which the tax exemption is requested (check the appropriate box)?

☐ Already included in Air Quality Permit

☐ Included in pending application for Air Quality Permit. List is the Application Number: _____

☐ Exempt from needing an Air Quality Permit. List the exemption in 391-3-1-.03(6): _____

e. Technical Contact who is knowledgeable of the Air Pollution Control Equipment:

Name: _____ Phone: _____

Title: _____ e-mail: _____

Georgia EPD Application for
Certificate of Exemption–AIR
January 2010

Page 1 of 3

3. Air Pollution Control Equipment Information: Each piece of machinery for which a tax exemption is being requested must be listed on the attached form. Additional pages may be used as necessary.

APCE Unit ID:	The identification of an APCE unit is an alpha-numeric code with a maximum of four characters (e.g. 27, D1, BH, BH1, ESP1). APCE IDs are unique to each piece of equipment at a facility; emission units, air pollution control equipment, and stacks cannot share the same ID.
APCE Type:	Indicate the general type of air pollution control equipment.
Emission Unit ID:	Enter the corresponding emission unit that is being controlled by the APCE. If the APCE controls emissions from multiple emission units, enter the Emission Unit IDs for all of the emission units controlled by this APCE. This information should come from the Air Permit Application (SIP Form 2.00 *Emission Unit List* contains a list of the emission units for the facility) or the Air Quality Permit.
APCE Construction Date:	This should be the date that the APCE was constructed or installed on the emissions unit or units that it currently controls.
Pollutants Controlled:	List each air pollutant that is controlled by the APCE on a separate line.
Percent Control Efficiency:	List the design and actual control efficiency (in percent) for each pollutant controlled by the APCE.
Does Machinery Have Purpose Other than APCE?	Indicate "yes" or "no" as to whether or not this machinery has any purpose other than Air Pollution Control? If "yes", please explain on an attached sheet.

Notes:

1. The attached page has been adapted from SIP Form 3.00 *Air Pollution Control Device Information* of the Georgia SIP Air Permit Application. If this form has been previously submitted to EPD as part of an Application for Air Quality Permit for the affected machinery, you should review a copy of that submittal to ensure consistency with other information submitted to EPD.
2. You must use the same equipment names and source codes in this form that have been used in previously submitted permit applications for the same equipment.
3. Machinery that directly supports the Air Pollution Control Equipment may also qualify for the exemption. This equipment may be listed on a separate page, identifying the supported Air Pollution Control Equipment, and including a brief description of how it directly supports the Air Pollution Control Equipment.

Application Submitted by: _____(Signature)

_____(Print Name)

_____(Title)

_____(Date)

Submit to: Ms. Doralyn Kirkland
EPD Director's Office
2 Martin Luther King Jr. Drive, Suite 1456 East Tower
Atlanta, GA 30334

Georgia EPD Application for
Certificate of Exemption–AIR
January 2010 Page 2 of 3

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) "Family owned farm entity" means 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. It shall include 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. It shall include 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. Such family owned farm entity must have 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. **(NEW STYLE)**

(2) "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. **(NEW STYLE)**

(3) "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. **(OLD STYLE)**

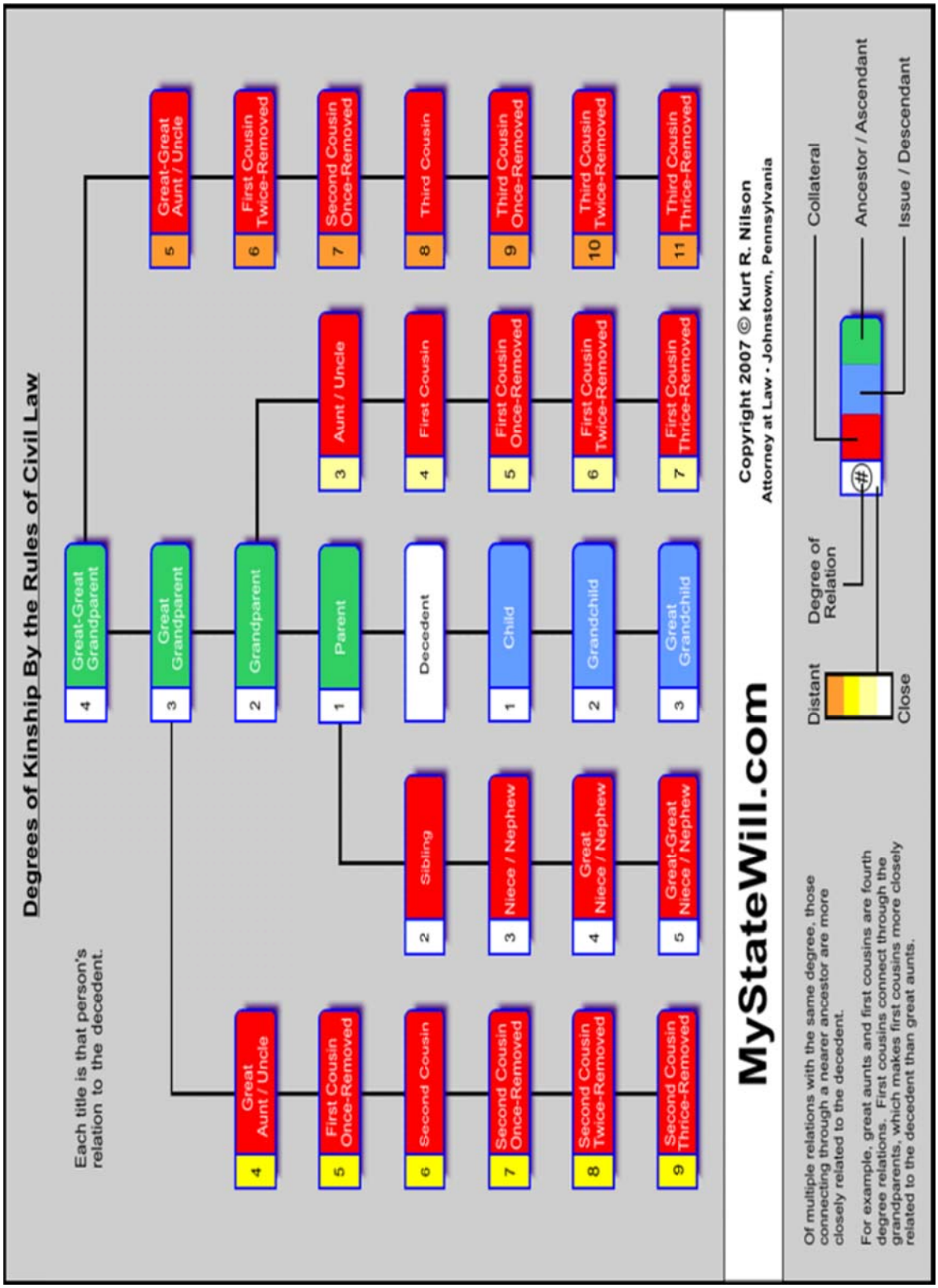
(4) "Harvested agricultural products" means only those harvested agricultural products eligible to qualify for exemption from ad valorem taxation pursuant to the former provisions of paragraph (10) of subsection (a) of Code Section 48-5-41 as it existed prior to January 1, 1999. **(OLD STYLE)**

(5) "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. **(OLD STYLE)**

(6) "Producer" means any entity that produces farm products. **(NEW STYLE)**



DEGREES OF KINSHIP BY THE RULES OF CIVIL LAW

(7) "Qualified farm products" means livestock; 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.** **(NEW STYLE)**

(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; **(OLD STYLE)**

(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; and **(OLD STYLE)**

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

(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.

(c) (1) As used in this subsection, the term "lease purchase agreement" means a financing agreement under which:

(A) A family owned qualified farm products producer has possession and control of farm tractors, combines, or other farm equipment other than motor vehicles equipment and uses such farm equipment directly in the production of agricultural products; and

(B) The payments made pursuant to such financing agreement are credited towards the purchase of such farm equipment.

(2)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 agricultural products by family owned qualified farm products producers shall be exempt from all ad valorem property taxes in this state. **(NEW STYLE)**

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.

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.

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.

48-5-42.1. Personal property tax exemption for property valued at $7,500.00 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 $7,500.00.

Property Subject to Ad Valorem Taxation

FMV	FMV	FMV
$7,499	**$7,500**	**$7,501**
EXEMPT	**EXEMPT**	**TAXABLE**

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."

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.

Farm Review

1. Name five examples of qualified farm products that are exempt according to O.C.G.A. § 48-5-41.1
   a. _____
   b. _____
   c. _____
   d. _____
   e. _____
2. A South Carolina farmer stores his farm products in Georgia. He still retains full ownership. Is this year's crop exempt in Georgia? Why? _____
   _____
   _____
3. The following livestock is owned by a corporate producer and are all 31 months of age. Are they taxable or exempt?
   a. A bull _____
   b. A horse _____
   c. A brood cow _____
   d. A hog _____
4. What percent of the total income must be derived from the agricultural business if a family partnership is allowed total exemptions of all livestock? _____
   _____
5. A corporation makes a return listing the following livestock and you have determined the per head values to be as listed below.

   Bulls $1,000

   Brood Cows $500

   Brood Calves $200

   Horses $1,500

   The return listed:

Livestock	Number	Age	Owned from birth
Bulls	3	30 months	Yes
Brood cows	50	30 months	Yes
Brood calves	10	15 months	Yes
Brood calves	5	9 months	No
Horses	2	2 years	Yes

   What is the total taxable value of the returned livestock?

Review

1. What is the primary Code Section lists property that is exempt from taxation? _____
2. What is the date of valuation? _____
3. What three factors must be considered and coexist to determine whether a property qualifies as a "purely public charity?"
   a. _____
   b. _____
   c. _____
4. What are two court cases discussed in class that revolve around institutions qualifying as "purely public charities?" Explain the main issues of the cases.
   a. _____
   _____
   _____
   b. _____
   _____
   _____
5. Air and water pollution must meet two requirements. Name them.
   a. _____
   b. _____
6. Timber is a qualified farm product. True or False.
7. Farm equipment held under a lease purchase agreement is not exempt under O.C.G.A. §48-5-41.1. True or False
8. Heavy duty equipment is farm equipment. True or False.
9. What court case states that the clear intent of the Georgia legislation was to grant the benefit of the exemption only to the farmer himself and for a limited time? _____
   _____
10. O.C.G.A. § 48-5-41.2: _____
    _____
11. What constitutes exempt personalty according to O.C.G.A. § 48-5-42? _____
    _____
    _____
12. The total personal property owned by someone must be valued at _____ or greater to be taxable.
13. A person owns one boat worth $5,500. If no other personal property is owned, the boat and motor would be subject to ad valorem taxation. True or False.
14. A person owns two boats and motors. One pair is worth $8,000 and another pair worth $4,000. Only the boat and motor worth $8,000 would be subject to ad valorem taxation. True or False.
15. What does "in the home" mean according to the 1962 Op Att'y Gen. P. 506-507.2 in the Denney v Coweta County Court of Appeals case? _____
    _____

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 schedule 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 schedule 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 schedule 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; and

(3) A schedule 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.

Three types of inventory may qualify:

Manufacturer **Category I – Raw materials and goods in process (RM, WIP)** **Category II – Finished goods held by the original manufacturer (FG)**
Wholesaler, Distributor, Manufacturer **Category III – Finished goods destined for out-of-state shipment (FG)**

(c) (1) For purposes of this subsection, the term "file properly" shall mean and include the timely filing of the application and complete schedule of the inventory for which exemption is sought on or before the due date specified in subsection (a) of this Code section.

(2) The 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 as follows:

(A) The failure to report any inventory for which such exemption is sought in the schedule 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 schedule shall constitute a waiver of the exemption until the first day of the month following the month such application and schedule 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 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 application and schedule by the taxpayer for such taxable year. (Rule 560-11-10-.2-.08(1)(c)(1))

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) "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.

(2) "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.

(3) "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.

(4) "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.

(5) "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 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, or changed in the ordinary course of the taxpayer's manufacturing, processing, or production operations in this state. <u>For purposes of this paragraph, the cleaning, drying, pest control treatment, or segregation by grade of grain, peanuts or other oil seeds, or cotton shall constitute substantial modification in the course of processing or production operations. For purposes of this paragraph, remanufacture of</u>

aircraft engines or aircraft engine parts or components shall constitute manufacturing operations in this state. Remanufacture of aircraft engines or aircraft engine parts or components means the substantial overhauling or rebuilding of aircraft engines or aircraft engine parts or components;

(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; or

(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, 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.

(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) (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 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.

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 schedule 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 schedule 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 schedule of the inventory for which exemption is sought on or before the due date specified in subsection (a) of this Code section.

(2) The 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 as follows:

(A) The failure to report any inventory for which such exemption is sought in the schedule 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 schedule shall constitute a waiver of the exemption until the first day of the month following the month such application and schedule 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 schedule by the taxpayer for such taxable year.

48-5-48.6. Level 2 Freeport excemption; 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 intangible 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.

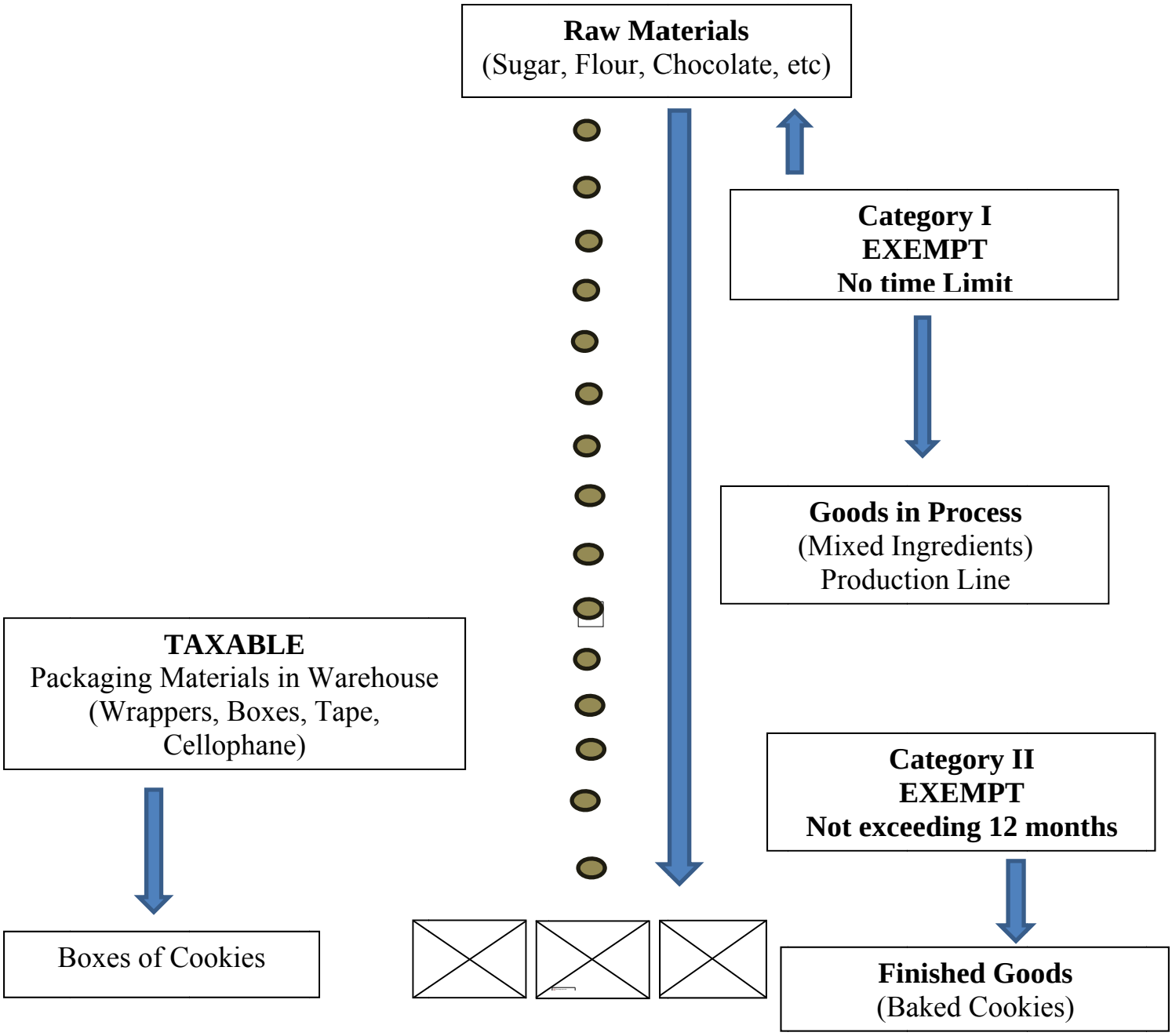
(g) Level 2 freeport exemptions effected pursuant to this Code section may be granted either in lieu of or in addition to level 1 freeport exemptions under Code Section 48-5-48.2.

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

FREEPORT EXEMPTION			
INVENTORY CATEGORY	**CATEGORY I**	**CATEGORY II**	**CATEGORY III**
QUALIFIERS	1 – Raw Materials 1 – Goods in Process (6A)	2 – Manufactured Finished Goods (6B)	3 - Finished Goods Store in a Warehouse for Out of State Shipment (6C)
TRADE LEVEL	I – Manufacturing or Production Business	I – Manufacturing or Production Business	II – Wholesaler or Distributor III – Some Retailers
TIME LIMITS	No time limit	Not exceeding 12 months	Not exceeding 12 months

***Items that do not qualify for Freeport: Packaging Materials & Supplies (fuel, spare parts, office and cleaning supplies)

Trade Level I
Cookie Manufacturing Company
Freeport Exemption @ 100%



Judicial Decisions

Qualifiers/Non-Qualifiers

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.

Timely Filing

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

Acceptable Inventory Tracking Methods

GTE v. Gwinnett Co. Board of Tax Assessors, Superior Court - Gwinnett Co. (1985).

The Gwinnett County Superior Court overturned the assessors use of the percentage of GTE inventory shipped out of state during the preceding year to determine the portion of its January1 inventory that would be allowed freeport exemption. The court instead allowed the corporate taxpayer to use its returned list of January 1 inventory destined for out-of-state shipment as shown on GTE's Books.

William L Bonnell Co v. Coweta County Bd of Tax Assessors, 252 Ga App 151, 556 S.E.2d 159 (2001)

It was arbitrary and capricious for a board of assessors to refuse, under O.C.G.A. 48-5-48.1(c) (2)(B), to allow a taxpayer to retroactively amend a timely filed and valid Freeport exemption when the board changed its valuation method. O.C.G.A. 48-5-48.1 (b)(1) and (2) did not require a particular accounting method to be used for valuation, so it was arbitrary and capricious to apply a particular accounting method to a taxpayer's freeport exemption application, because the application did not disclose a particular accounting method.

EXCEPTIONS

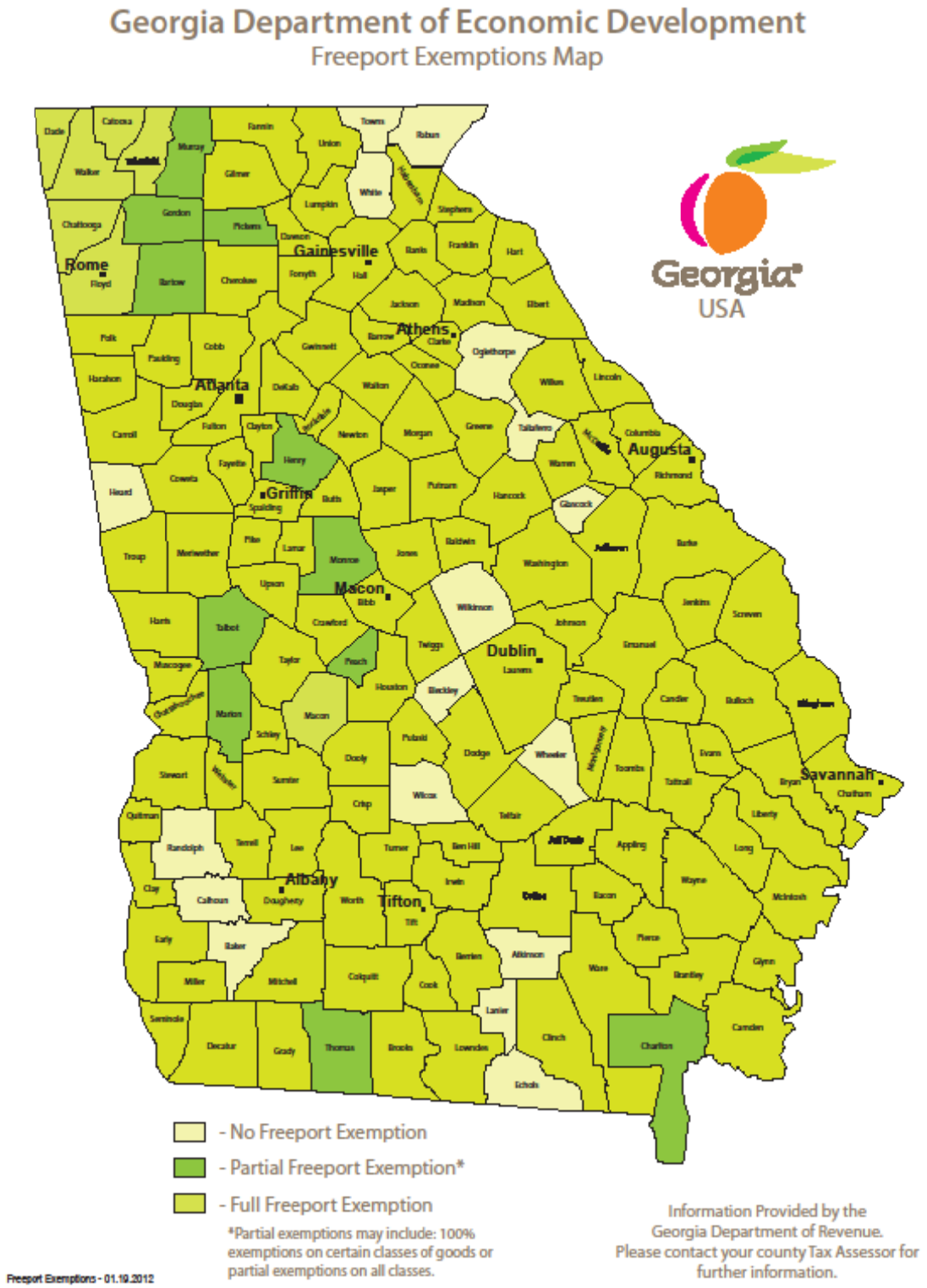
Delta Air Lines v. Clayton County Board of Tax Assessors, 246 Ga. App. 255,539 S.E. 2d 905 (2000)

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 Department of Economic Development
Freeport Exemptions Map
Georgia
USA
Rome
Gainesville
Athens
Atlanta
Augusta
Griffin
Macon
Dublin
Savannah
Albany
Tifton
- No Freeport Exemption
- Partial Freeport Exemption*
- Full Freeport Exemption
*Partial exemptions may include: 100% exemptions on certain classes of goods or partial exemptions on all classes.
Information Provided by the Georgia Department of Revenue. Please contact your county Tax Assessor for further information.
Freeport Exemptions - 01.19.2012

GEORGIA'S FREEPORT STATUS

COUNTY/CITY	RATIFIED STATE FREEPORT ACT	*CLASSES OF INVENTORY	AMOUNT OF EXEMPTION
Appling Co.	11-7-78	1 and 2	100%
	11-4-86	class 3	100%
Baxley	11-6-90	all	100%
Atkinson Co.	11-6-01	all	no decision
Pearson	11-7-78	all	100%
Willacoochee	11-7-78	all	100%
Bacon Co.	11-7-78	all	100%
Alma	11-7-78	all	100%
Baldwin Co.	9-21-77	all	100%
Milledgeville	9-21-77	all	100%
Banks Co.	11-6-84	all	100%
Barrow Co.	11-2-93	all	100%
Auburn	11-2-93	all	100%
Statham	11-2-93	all	100%
Winder	11-7-78	all	100%
Bartow Co.	11-2-04	all	40%
Adairsville	9-19-95	all	40%
Cartersville	6-17-03	all	20%
Ben Hill Co.	7-10-79	all	100%
Fitzgerald	6-27-89	all	100%
Berrien Co.	11-4-97	all	100%
Alapaha	11-4-97	all	no decision
Nashville	11-4-97	all	no decision
Bibb Co.	1-30-79	all	100%
Macon	1-30-79	all	100%
Brantley Co.	11-2-04	all	100%
Hoboken	12-5-90	all	no decision
Nahunta	10-11-89	all	40%
Brooks Co.	10-15-85	all	100%
Quitman	12-3-85	all	100%
Bryan Co.	11-4-86	all	100%
Bulloch Co.	4-8-86	all	100%
Portal	8-20-02	all	no decision

Burke Co.	9-3-85	all	100%
Waynesboro	10-10-85	all	100%
Butts Co.	3-13-84	all	100%
Camden Co.	11-5-96	all	100%
Kingsland	12-11-90	class 1	100%
	8-27-01	classes 2 & 3	100%
St. Marys	4-26-99	classes 1 & 2	100%
	4-23-91	class 3	no decision
Woodbine	12-8-90	all	no decision
Candler Co.	12-10-85	all	100%
Metter	12-10-85	all	100%
Carroll Co.	4-4-78	all	100%
Carrollton	4-4-78	all	100%
Catoosa Co.	7-21-98	all	100%
Fort Oglethorpe	12-11-90	all	40%
Ringgold	12-11-90	all	60%
Charlton Co.	11-7-78	1 and 3	100%
Folkston	12-5-78	all	100%
Chattahoochee Co.	3-7-00	all	100%
Chattooga Co.	11-4-03	all	no decision
Chatham Co.	11-8-88	all	100%
Cherokee Co.	11-7-78	all	100%
Clarke Co.	5-2-78	all	100%
Athens (City/County Consolidated Government)			
Clay Co.	11-23-88	all	100%
Clayton Co.	9-27-79	all	100%
Clinch Co.	11-7-78	all	100%
Homerville	12-3-80	all	100%
Cobb Co.	11-7-78	all	100%
Acworth	10-79	all	100%
Austell	12-3-85	all	100%
Kennesaw	10-1-82	all	100%
Marietta	11-7-78	all	100%
Powder Springs	10-21-78	all	100%
Smyrna	1-80	all	100%
Coffee Co.	11-7-78	all	100%
Douglas	N/A	all	100%
Colquitt Co.	3-8-88	all	100%
Moultrie	3-26-85	all	100%

Columbia Co.	4-12-78	all	100%
Cook Co.	11-4-80	all	100%

Coweta Co.: Local freeport (not state version) ratified 11-2-76. Includes county and any municipal corporation within the county and covers 100% of inventory destined to be shipped outside Georgia. (Classes 1, 2, & 3)

Crawford Co.	8-9-88	all	100%
Roberta	11-7-06	all	no decision
Crisp Co.	8-14-84	all	100%
Cordele	8-22-84	all	100%
Dade Co.	11-8-88	all	100%
Trenton	12-5-89	all	100%
Dawson Co.	8-5-85	all	100%
Decatur Co.	12-16-86	all	100%
Bainbridge	6-21-05	all	100%
DeKalb Co.	11-8-77	all	100%
Atlanta	11-7-78	all	20%

Dodge Co.: Local freeport (not state version) ratified 11-2-76. Includes county and any municipal corporation within the county and covers 100% of inventory destined to be shipped outside Georgia.

Dooly Co.	11-7-78	all	100%
Unadilla	12-15-87	all	100%
Vienna	11-7-78	all	100%
Dougherty Co.	11-3-87	all	100%
Albany	11-3-87	all	100%
Douglas Co.	2-22-77	all	100%
Douglasville	2-22-77	all	100%
Early Co.	11-8-88	all	100%
Blakely	8-2-88	all	100%
Effingham Co.	2-26-85	all	100%
Elbert Co.	8-8-78	all	100%
Elberton	11-2-99	all	100%
Emanuel Co.	11-2-82	all	100%
Swainsboro	1-7-83	all	100%
Twin City	12-82	all	100%
Evans Co.	12-10-85	all	100%
Claxton	12-6-84	all	100%
Fannin Co.	8-9-88	all	100%
Fayette Co.	11-4-86	all	100%
Peachtree City	12-2-86	all	100%

Tyrone	12-3-86	all	100%
Floyd Co.	8-80	all	100%
Rome	5-11-82	all	100%
Forsyth Co.	4-5-77	all	100%
Franklin Co.	11-7-78	all	100%
Lavonia	11-6-01	all	100%
Fulton Co.	11-7-78	all	100%
Alpharetta	10-19-82	all	100%
Atlanta	11-7-78	all	20%
East Point	11-6-84	all	100%
Fairburn	6-27-91	all	100%
Roswell	10-25-82	all	100%
Union City	11-8-05	all	100%
Gilmer Co.	11-6-90	all	100%
Ellijay	12-9-91	all	100%

Glynn Co.: Local freeport (not state version) ratified 11-2-76. Includes county and any municipal corporation within the county and covers 100% of inventory destined to be shipped outside Georgia.

Gordon Co.	3-18-03	all	40%
Calhoun	7-19-94	class 1	20%
		2 and 3	no decision
Grady Co.	8-12-86	all	100%
Cairo	10-3-78	all	100%
Greene Co.	9-17-85	all	100%
Greensboro	4-5-86	all	100%
Union Point	3-20-01	all	20%
Gwinnett Co.	8-8-78	all	100%
Buford	4-4-87	all	100%
Duluth	11-3-98	all	100%
Sugar Hill	3-16-99	all	100%
Suwanee	9-15-98	all	100%
Habersham Co.	8-5-80	all	80%
Cornelia	12-4-91	all	80%
Hall Co.	11-3-98	all	100%
Flowery Branch	3-15-94	all	100%
Gainesville	11-3-98	all	100%
Oakwood	11-4-97	all	100%
Hancock Co.	3-8-88	all	100%
Haralson Co.	11-3-98	all	100%
Bremen	11-5-91	all	100%
Tallapoosa	11-5-91	all	no decision
Harris Co.	11-2-82	all	100%
Hart Co.	9-18-79	all	100%

Hartwell	1-8-96	all	100%
Henry Co.	11-6-90	class 2	100%
	11-2-76	class 1 & 3	100%

Local freeport (not state version) ratified 11-2-76. Includes county and any municipal corporation within the county and covers 100% of inventory destined to be shipped outside Georgia (class 1 & 3).

Houston Co.	11-7-78	all	100%
Centerville	11-7-78	all	100%
Perry	12-5-78	all	100%
Warner Robins	10-17-78	all	100%
Irwin Co.	3-7-89	all	100%
Ocilla	11-5-91	all	100%
Jackson Co.	11-4-80	all	100%
Commerce	11-6-90	all	100%
Jefferson	N/A	all	100%
Jasper Co.	7-21-92	all	100%
Monticello	7-21-92	all	100%
Jeff Davis Co.	9-24-85	all	100%
Hazlehurst	9-24-85	all	100%
Jefferson Co.	11-16-82	all	100%
Wadley	11-6-01	all	100%
Wrens	11-6-01	all	100%
Jenkins Co.	11-5-85	all	100%
Millen	12-3-85	all	100%
Johnson Co.	11-8-88	all	100%
Wrightsville	6-27-89	all	100%
Jones Co.	11-6-01	all	100%
Gray	11-6-01	all	100%
Lamar Co.	3-12-85	all	100%
Barnesville	3-12-85	all	100%
Milner	3-12-85	all	100%
Laurens Co.	11-8-88	all	100%
Dublin	10-4-88	all	100%
Dudley	12-88	all	100%
East Dublin	11-8-88	all	100%
Lee Co.	3-8-88	all	100%
Smithville	6-20-95	all	100%
Liberty Co.	6-25-85	all	100%
Lincoln Co.	5-17-77	all	100%
Long Co.	7-21-92	all	100%
Lowndes Co.	11-4-80	all	100%
Hahira	11-2-99	all	100%

Valdosta	11-2-99	all	100%
Lumpkin Co.	4-14-79	all	100%
Dahlonega	4-14-79	all	100%
Macon Co.	3-5-96	all	100%
Madison Co.	11-5-02 & 11-2-04	all	100%
Marion Co.	11-8-94	all	no decision
McDuffie Co.	12-13-88	all	100%
Thomson	12-13-88	all	100%
McIntosh Co.	11-4-86	all	100%
Meriwether Co.	11-4-80	all	100%
Manchester	9-20-06	all	100%
Miller Co.	11-6-90	all	100%
Colquitt	11-21-89	all	100%
Mitchell Co.	11-24-87	all	100%
Baconton	10-20-87	all	no decision
Camilla	11-17-87	all	100%
Pelham	11-17-87	all	100%
Sale City	11-17-87	all	no decision
Monroe Co.	11-3-92	2 and 3	100%
Forsyth	6-15-93	all	100%
Montgomery Co.	11-4-86	all	100%
Morgan Co.	6-17-03	all	80%
Madison	3-3-92	all	80%
Muscogee Co.	11-7-78	all	100%
Columbus (City/County Consolidated Government)			
Newton Co.	11-7-78	all	100%
Covington	11-7-88	all	100%
Oconee Co.	11-7-78	all	100%
Paulding Co.	9-13-77	all	100%
Dallas	-	all	100%
Peach Co.	11-4-80	all	60%
Bryon	11-6-01	1 and 2	100%
Fort Valley	11-4-03	all	no decision
Pickens Co.	8-12-86	all	80%
Pierce Co.	11-8-88	all	100%
Blackshear	12-76	all	100%
Pike Co.	8-10-82	all	100%
Zebulon	11-81	all	100%

Polk Co.	11-7-78	all	100%
Cedartown	11-7-78	all	100%
Rockmart	12-2-78	all	100%
Pulaski Co.	11-4-80	all	100%
Putnam Co.	8-28-85	all	100%
Eatonton	8-28-85	all	100%
Quitman Co.	11-8-88	all	no decision
Randolph Co.	11-2-04	all	no decision
Richmond Co.	7-19-77	all	100%
Augusta	7-19-77	all	100%
Rockdale Co.	8-9-88	all	100%
Conyers	8-9-88	all	100%
Schley Co.	6-20-95	all	100%
Ellaville	6-20-95	all	100%
Screven Co.	1-10-85	all	100%
Newington	1-10-85	all	100%
Sylvania	1-10-85	all	100%
Seminole Co.	8-9-88	all	100%
Donalsonville	11-8-88	all	100%
Spalding Co.	12-3-85	all	100%
Griffin	11-6-84	all	100%
Stephens Co.	4-24-79	all	100%
Toccoa	4-24-79	all	100%
Stewart Co.	7-17-90	all	100%
Sumter Co.	5-31-77	all	100%
Americus	12-1-82	all	100%
Plains	3-21-95	all	100%
Talbot Co.	11-7-78	all	100%
Taliaferro Co.	9-19-95	all	no decision
Tattnall Co.	11-6-84	all	100%
Glennville	11-6-84	all	100%
Reidsville	11-6-84	all	100%
Taylor Co.	11-8-88	all	100%
Telfair Co.	6-6-78	all	100%
Terrell Co.	12-1-78	all	100%

Thomas Co.	8-12-86	class 3	100%
Boston	11-7-06	all	no decision
Thomasville	12-3-85	all	100%
Tift Co.	11-6-84	all	100%
Tifton	10-85	all	100%
Toombs Co.	11-4-80	all	100%
Lyons	11-4-80	all	100%
Vidalia	11-4-80	all	100%
Treutlen Co.	11-7-78	all	100%
Troup Co.	11-7-78	all	100%
Hogansville	11-7-78	all	100%
LaGrange	11-7-78	all	100%
West Point	11-7-78	all	100%
Turner Co.	6-11-85	all	100%
Ashburn	11-5-96	1 & 2	100%
Twiggs Co.	9-16-03	all	100%
Union Co.	8-9-88	all	100%
Blairsville	11-8-88	all	100%
Upson Co.	10-22-85	all	100%
Thomaston	10-22-85	all	100%
Walker Co.	11-4-80	all	100%
LaFayette	12-1-81	all	100%
Rossville	2-19-94	all	100%
Walton Co.	12-2-86	all	100%
Monroe	11-9-95	all	100%
Social Circle	12-2-86	all	60%
Ware Co.	11-7-78	all	100%
Waycross	11-7-78	all	100%
Warren Co.	11-6-90	all	100%
Warrenton	11-8-05	all	100%
Washington Co.	6-16-87	all	100%
Davisboro	6-16-87	all	100%
Deepstep	6-16-87	all	100%
Sandersville	6-16-87	all	100%
Tennille	6-16-87	all	100%
Wayne Co.	11-4-97	all	100%
Jesup	4-4-84	all	100%
Webster Co.	7-21-98	all	100%
Wheeler Co.	11-5-02	all	100%

Wilkes Co.	7-21-98	all	100%
Washington	11-4-97	all	100%
Tignall	7-21-98	all	100%
Worth Co.	11-6-84	all	100%
Sylvester	12-5-84	all	100%

***Classes of Inventory:**
(1) Manufacturer's raw materials and goods in process; (2) Finished goods held by the original manufacturer; (3) Finished goods held by distributors, wholesalers, and manufacturers destined for out-of-state shipment.

NOTE: AD VALOREM TAX EXEMPTIONS AT GEORGIA PORTS: Foreign merchandise in transit (which has or will be moved by water) is not subject to ad valorem tax at Georgia ports (Bainbridge, Brunswick, Columbus and Savannah).

NOTE: ***Freeport*** is the general term used for the exemption of ad valorem tax on inventories as defined by the Georgia Inventory Tax Exemption Law, **(Georgia Code: 48-5-48.2)**. The diversity of local tax jurisdictions may affect the implementation of exemptions. Applications for inventory tax exemptions must be made to the individual local county tax collector's office. Property tax exemption form PT-50PF may be obtained at http://www2.state.ga.us/Departments/DOR.

Every effort has been made to verify the individual county or city status for the listed ad valorem tax exemptions. Please notify GDEcD at (404) 962-4073 of any additions or changes.

Source: Georgia Department of Economic Development – January, 2007.

APPLICATION FOR FREEPORT LEVEL 1 INVENTORY EXEMPTION 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 listed in the due date column above. NOTE: Most counties do not accept metered mail dates as filing date unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing is close to the deadline.	BUSINESS PHYSICAL LOCATION IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW. NAME: ADDRESS: CITY, STATE, ZIP:

In all counties having a filing date of April 1, you may still receive a partial exemption for a late filing. The amount of the exemption you will receive is as follows: April 2 - April 30 (66.67% of the full exemption), May 1- May 31 (58.33%), June 1 (50%).

Failure to file by June 1 shall constitute waiver of the entire exemption for the year (0.0%).

1. DESCRIBE THE TYPE OF BUSINESS:

2. Inventory must be reported at its full cost at level of trade. Full cost must include all freight, burden, overhead, and any other charges incurred from the original state as a raw material to its resting place on January 1.

3. If inventory and exemption are not as of January 1, they must be adjusted to January 1, in accordance with the provisions of Georgia Code 48-5-10.

4. LIST THE METHOD OF INVENTORY VALUATION USED: _____ METHOD OF INVENTORY COST IDENTIFICATION: _____

5. SUMMATION OF TAXABLE INVENTORY:

PLEASE COMPLETE THE FOLLOWING

INVENTORY NOT ELIGIBLE FOR FREEPORT LEVEL 1

A. PACKAGING MATERIALS, STAMPING OR SHIPPING SUPPLIES ON HAND AS OF JANUARY 1.	$
B. OTHER EXPENSED SUPPLIES (i.e. GASOLINE, OFFICE SUPPLIES, etc) ON HAND AS OF JANUARY 1.	$
C. SPARE PARTS INVENTORY ON HAND AS OF JANUARY 1.	$
D. 100% FULL COST OF FINISHED GOODS HELD FOR MORE THAN 12 MONTHS AS OF JANUARY 1.	$
E. 100% FULL COST OF MERCHANDISE INVENTORY PURCHASED FOR RESALE ON HAND AS OF JANUARY 1.	$
INVENTORY ELIGIBLE FOR FREEPORT LEVEL 1	
F. 100% FULL COST OF RAW MATERIALS AS OF JANUARY 1.	$
G. 100% FULL COST OF GOODS IN PROCESS ON JANUARY 1.	$
H. 100% FULL COST OF FINISHED GOODS HELD LESS THAN 12 MONTHS AS OF JANUARY 1	$
I. TOTAL INVENTORY ON JANUARY 1. ADD LINES A. THROUGH H. (SAME AS TOTAL FROM SCHEDULE B)	$

J. LESS FREEPORT LEVEL 1 EXEMPTION: (1 AND 2 BELOW ARE FOR MANUFACTURING OR PRODUCTION BUSINESS)

1. RAW MATERIALS, GOODS IN PROCESS

_____ x* _____ = (_____)
From F and G Above — County Exemption % — Exemption Amount

2. FINISHED GOODS OF GA. MANUFACTURER (HELD FOR LESS THAN 12 MO.)

_____ x* _____ = (_____)
From H Above — County Exemption % — Exemption Amount

3. FINISHED GOODS DESTINED FOR OUT OF STATE SHIPMENT (FOR WHOLESALE OR DISTRIBUTION BUSINESSES)

_____ x* _____ = (_____)
From Section 6C line E Back Page — County Exemption % — Exemption Amount

* NOTE: COUNTY EXEMPTION % WILL BE 20, 40, 60, 80, OR 100 PERCENT.

K. TOTAL FREEPORT LEVEL 1 EXEMPTION (ADD 1,2 AND 3 ABOVE)(ENTER ON PAGE 1 LINE P OF TAX RETURN	($-)
L. TOTAL TAXABLE INVENTORY AT 100% OF MARKET VALUE AT YOUR LEVEL OF TRADE (ENTER ON PAGE 1 LINE I OF TAX	$

PAGE 1

Level 1 Freeport Application

EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

MANUFACTURING OR PRODUCTION BUSINESSES

6A. 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.

6B. 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. For purposes of this explanation "Finished Goods" shall mean 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.

WHOLESALE OR DISTRIBUTION BUSINESSES

6C. 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.

SUMMARY FOR THIS EXEMPTION: (6C)

A. Total finished goods inventory shipments from this county during the last complete calendar year: _____

B. Total finished goods inventory shipments from this county during the last complete calendar year to an out-of State destination: _____

C. Percentage of out-of State shipments: (B divided by A) _____ %

D. Total finished goods inventory on January 1 of this year: (Exclude inventory stored over (12) months) _____

E. Estimated out-of-State shipments this year: (multiply C times D) Enter under 5.J.3 front page _____

7. If property is exempt under freeport, it is exempt either as covered by category 6A, 6B, 6C. The same property cannot be exempted under more than one of these three categories.

8. PHYSICAL LOCATION OF INVENTORY IN THIS COUNTY. (List)

9. LOCATION OF SUPPORTING BOOKS AND RECORDS PERTAINING TO THIS INVENTORY. (List)

10. NAME AND TELEPHONE NUMBER OF RESPONSIBLE INDIVIDUAL TO CONTACT REGARDING ANY QUESTIONS PERTAINING TO THIS INVENTORY.

NAME_____ PHONE_____

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 there of, 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)

DISPOSITION OF THE COUNTY BOARD OF TAX ASSESSORS DATE_____

-APPROVED-	-DISAPPROVED-

PAGE 2

PT50PF2

APPLICATION FOR FREEPORT LEVEL 2 INVENTORY EXEMPTION	TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER
RETURN COMPLETED FORM TO ADDRESS LISTED BELOW	2012	7068234428	2981
	DUE DATE	MAP AND PARCEL I.D. NO	NAICS NO.
	04/01/2012	3530007030	

COUNTY NAME ADD RETURN ADDRESS	TAXPAYER NAME AND ADDRESS
	ADKINSON JAMES E 4832 MCCOMBS RD HEPHZIBAH, GA 308154241
The last day for filing this application to receive full exemption is listed in the due date column above. NOTE: Most counties do not accept metered mail dates as filing date unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing is close to the deadline.	BUSINESS PHYSICAL LOCATION 4832 MCCOMBS IF MAILING ADDRESS OR NAME IS INCORRECT, PLEASE CORRECT IN THE SPACE PROVIDED BELOW. NAME: ADDRESS: CITY, STATE, ZIP:

In all counties having a filing date of April 1, you may still receive a partial exemption for a late filing. The amount of the exemption you will receive is as follows: April 2 - April 30 (66.67% of the full exemption), May 1- May 31 (58.33%), June 1 (50%).

Failure to file by June 1 shall constitute waiver of the entire exemption for the year (0.0%).

1. DESCRIBE THE TYPE OF BUSINESS:

2. Inventory must be reported at its full cost at level of trade. Full cost must include all freight, burden, overhead, and any other charges incurred from the original state as a raw material to its resting place on January 1.

3. If inventory and exemption are not as of January 1, they must be adjusted to January 1, in accordance with the provisions of Georgia Code 48-5-10.

4. LIST THE METHOD OF INVENTORY VALUATION USED: _____ METHOD OF INVENTORY COST IDENTIFICATION: _____

5. SUMMATION OF TAXABLE INVENTORY:

PLEASE COMPLETE THE FOLLOWING

INVENTORY NOT ELIGIBLE FOR FREEPORT LEVEL 2

A. PACKAGING MATERIALS, STAMPING OR SHIPPING SUPPLIES ON HAND AS OF JANUARY 1.	$
B. OTHER EXPENSED SUPPLIES (ie GASOLINE, OFFICE SUPPLIES, etc) ON HAND AS OF JANUARY 1.	$
C. SPARE PARTS INVENTORY ON HAND AS OF JANUARY 1.	$
INVENTORY ELIGIBLE FOR FREEPORT LEVEL 2	
D. 100% FULL COST OF FINISHED GOODS (MERCHANDISE SCHEDULE B LINE 1) HELD FOR SALE/RESALE ON JANUARY 1.	$
E. TOTAL INVENTORY ON JANUARY 1. ADD LINES A THROUGH D. (Current market value at your level of trade)	$
F. LESS FREEPORT LEVEL 2 EXEMPTION: (1 BELOW FOR RETAIL FACILITY INVENTORIES)	
1. 100% FULL COST OF FINISHED GOODS (Retail Inventory) _____ x* _____ $ _____ From D Above / County Exemption % / Exemption Amount	
G. TOTAL FREEPORT LEVEL 2 EXEMPTION (J1 ABOVE)(ENTER ON PAGE 1 LINE R OF TAX RETURN	$-
H. TOTAL FREEPORT LEVEL 1 EXEMPTION AMOUNT (PT50PF PAGE 1 LINE K)	$-
I. TOTAL TAXABLE INVENTORY AT 100% OF MARKET VALUE AT YOUR LEVEL OF TRADE. LINE E ABOVE MINUS LINE G MINUS LINE H (ENTER ON PAGE 1 LINE I OF TAX RETURN)	$

PAGE 1

Level 2 Freeport Exemption Application

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

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.

Freeport Review

1. What is Freeport? _____
   _____
2. What are the three categories of inventory? Time limits? Trade level?
   a. _____
   b. _____
   c. _____
3. The taxpayer must file the Freeport application in the _____ 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 _____ the books for the return of taxes.
4. What does "file properly" mean? _____
   _____
5. What are the two reasons the Freeport exemption can be waived?
   a. _____
   b. _____
6. What action must the board of assessors take upon denying a Freeport application? _____
   _____
7. What is the applicant's right after the denial of an exemption? _____
   _____
8. The county board of assessors should not send a second letter of notification denying the exemption of all or a portion of such property listed on the application on _____ _____ that could and should have been discerned at the time the denial letter was issued.
9. A notice of renewal shall be issued no later than _____.
10. What does the Level 2 freeport exemption consist of? _____
    _____
11. Name some items that do not qualify for Freeport. _____
    _____
12. What form will the taxpayer use to apply for Freeport? _____
13. If a Freeport application is not file by _____ of such year, the exemption shall be waived for that entire year.
14. Define foreign merchandise in transit. _____
    _____
15. How many ports are located in Georgia? Where are they located? _____
    _____
16. Define stock in trade of a retailer. _____
    _____
17. Equipment that has been leased or rented qualifies for the Freeport exemption *(GECC v. Gwinnett BTA).* True or False.
18. The county board of tax assessors has the authority to extend the period for accepting Freeport applications. True or False.

Complete Freeport Application in the back of the manual as the owner for the following exercises.

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**

Exchange your completed Freeport Applications with your neighbor. Review your neighbor's Freeport Application as an appraiser and provide a recommendation to the BTA for approval or denial.

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.

48-5-491. 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

48-5-500. Definitions

As used in this part, the term:

(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.

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.

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

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.

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

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

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

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

(b) Watercraft 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 for ad valorem taxation, determining the application rates for taxation, and collecting the ad valorem taxes imposed on watercraft do not apply to watercraft owned by a dealer and held in inventory for sale or resale. <u>For the period commencing January 1, 2016, and concluding December 31, 2019, such watercraft 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 until it is transferred and then otherwise, if at all, becomes subject to taxation as provided in this chapter.</u>

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.

(e) 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	Months Remaining in Year* / 12	1/3	Taxable Amount, should not be less than $100

*Not counting month purchased

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.

PT-507A(Rev 9/99)

HEAVY-DUTY EQUIPMENT DEALER

MONTHLY SALES RETURN

(In-State Purchases)

Dealer Name:	Dealer's ID:	
Address:	City:	County:
State: Zip Code:	Month of Sale:	
Purchaser's County:		

This form is to be completed by the dealer and submitted to the County Tax Commissioner's Office of each purchaser located within the State of Georgia no later than thirty (30) days after the last day of the month in which the purchase of the heavy-duty equipment took place.

Purchaser's Name:	Purchase Date:	Purchase Price:
Street Address:	City:	Zip:
Purchaser's Name:	Purchase Date:	Purchase Price:
Street Address:	City:	Zip:
Purchaser's Name:	Purchase Date:	Purchase Price:
Street Address:	City:	Zip:
Purchaser's Name:	Purchase Date:	Purchase Price:
Street Address:	City:	Zip:

I hereby certify the preceding return to be correct and accurate for the month of _____.

_____ _____ _____

Name of Person Preparing Return *Signature* *Date*

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.

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 CONSTRUCTION COMPANY v. CLAYTON COUNTY
Court of Appeals of Georgia
201 Ga. App. 106; 410 S.E.2d 446; 1991 Ga. App. LEXIS 1228
No. A91A1265
September 4, 1991, Decided

Editorial Information: Prior History

Ad valorem taxes. Clayton Superior Court. Before Judge Kilpatrick.

Disposition

Judgment reversed.

Counsel *Griffin, Cochrane, Marshall & Elger, W. Henry Parkman, Craig A. Courville*, for appellant.

Foster & Foster, Larry A. Foster, for appellee.

Judges: Birdsong, Presiding Judge. Pope and Cooper, JJ., concur.

Opinion

Opinion by: BIRDSONG

{201 Ga. App. 106}

{410 S.E.2d 446} Lunda Construction Company filed suit for refund of ad valorem taxes paid to Clayton County in 1985 and 1986 on account of equipment it utilized in Clayton County for work on a state Department of Transportation project. Lunda contended that O.C.G.A. § 50-17-29 (e) exempts contractors from local ad valorem taxes incurred as a result of the contractor's performance of work on behalf of the state of Georgia. The trial court denied Lunda's motion for summary judgment and granted summary judgment to Clayton County on its cross-motion. *Held*:

O.C.G.A. § 50-17-29 (e) provides, in the first part: "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 **{201 Ga. App. 107}** in connection with any project being constructed, repaired, remodeled, enlarged, serviced, or destroyed for, or on behalf of, the state or any of its **{410 S.E.2d 447}** agencies, boards, bureaus, commissions, and authorities. . . ." (Emphasis supplied.)

There is no lack of clarity or ambiguity in this language. It plainly prohibits the imposition of "*any* tax, assessment, levy, license fee, or other fee" upon contractors "as a . . . result of the performance of a contract, work, or services . . . in connection with any project being constructed [etc.] for, or on behalf of, the state or any of its agencies. . . ." Where the language of a statute is plain and susceptible of but one natural and reasonable construction, the court has no authority to place a different construction upon it, but must construe it according to its terms. *Hollowell v. Jove*, 247 Ga. 678, 681 (279 S.E.2d 430). Confronted with such a plain and unambiguous statute, both the trial court and we are without authority to approve or disapprove, or even speculate upon, the legislature's purpose, policy or wisdom in enacting it. Appellee county proposes no reason why "ad valorem" tax is excluded by the strong and precise statutory language, particularly the prohibition against imposing (and not merely the exemption of) "*any* tax."

Appellee argues that ad valorem tax upon Lunda's property used in its work on a state construction project is authorized, because of the ambiguity created by the second portion of § 50-17-29 (e),

© 2006 Matthew Bender & Company, Inc., a member of the LexisNexis Group. All rights reserved. Use of this product is subject to the restrictions and terms and conditions of the Matthew Bender Master Agreement.

which provides: "nor shall any city, county, municipality, or other political subdivision of this state include the contract price of or value of such contract, work, or services performed on such projects in computing the amount of any tax, assessment, levy, license fee, or other fee authorized to be imposed on any contractors or subcontractors." Appellee contends this language proves the legislature contemplated that a tax, including ad valorem tax, could be imposed upon such property. If the county's position were correct, the entire statute would be without meaning, because then *any and all* manner and means of tax could be imposed on property used in state projects, in clear contradiction to the first part of the statute.

There is no contradiction and no ambiguity created by this second part of the statute. That language means simply that if there is some *other* tax or fee "authorized to be imposed on any contractor or subcontractor," i.e., which is not on account of its work on a state project, the county cannot include the contract price of a state project as a basis for that other "authorized" tax.

The two sentences in the statute are therefore in harmony. Both evince the legislature's intent to prohibit a county or municipality from taxing any property used by a contractor on a state project, or from getting around that prohibition by including the contract price of a state project as a basis for any other kind of authorized tax or **{201 Ga. App. 108}** fee. For example, if Lunda Construction Company had assets in the county which did not exist purely "as a condition to or the result of the performance" (id.) of a state construction project, a tax might be "authorized" for that interest, and the contract price of any state project could not be included in it.

The trial court erred in denying summary judgment to Lunda Construction Company, and in granting judgment to appellee.

Judgment reversed.

© 2006 Matthew Bender & Company, Inc., a member of the LexisNexis Group. All rights reserved. Use of this product is subject to the restrictions and terms and conditions of the Matthew Bender Master Agreement.

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.

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)

Language to the effect that a State or Political subdivision is not deprived of its power to tax.

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.

(c) REDEMPTION - When property described in subsection (a) is sold or forfeited to enforce the collection of a tax or assessment, a servicemember shall have the right to redeem or commence an action to redeem the servicemember's property during the period of military service or within 180 days after termination of or release from military service. This subsection may not be construed to shorten any period provided by the law of a State (including any political subdivision of a State) for redemption.

(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 servciemembers.
Section 509 – Regulations.
Section 510 – Income Taxes.
Section 511 – Residence for tax purpose. (includes Nov 2009 amendment)

(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.

~~(c)~~ (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.

(d) 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.

(e) 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.

(f) 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 obligations.*

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.

Amendments to SCRA - November 11, 2009

Public Law 111–97
111th Congress

An Act

To amend the Servicemembers Civil Relief Act to guarantee the equity of spouses of military personnel with regard to matters of residency, and for other purposes.

Nov. 11, 2009
[S. 475]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Military Spouses Residency Relief Act.
50 USC app. 501 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Military Spouses Residency Relief Act".

SEC. 2. GUARANTEE OF RESIDENCY FOR SPOUSES OF MILITARY PERSONNEL FOR VOTING PURPOSES.

(a) IN GENERAL.—Section 705 of the Servicemembers Civil Relief Act (50 U.S.C. App. 595) is amended—

(1) by striking "For" and inserting the following:

"(a) IN GENERAL.—For";

(2) by adding at the end the following new subsection:

"(b) SPOUSES.—For the purposes of voting for any Federal office (as defined in section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)) or a State or local office, a person who is absent from a State because the person is accompanying the person's spouse who is absent from that same State in compliance with military or naval orders shall not, solely by reason of that absence—

"(1) be deemed to have lost a residence or domicile in that State, without regard to whether or not the person intends to return to that State;

"(2) be deemed to have acquired a residence or domicile in any other State; or

"(3) be deemed to have become a resident in or a resident of any other State."; and

(3) in the section heading, by inserting "**AND SPOUSES OF MILITARY PERSONNEL**" before the period at the end.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of such Act (50 U.S.C. App. 501) is amended by striking the item relating to section 705 and inserting the following new item:

"Sec. 705. Guarantee of residency for military personnel and spouses of military personnel.".

50 USC app. 595 note.

(c) APPLICATION.—Subsection (b) of section 705 of such Act (50 U.S.C. App. 595), as added by subsection (a) of this section, shall apply with respect to absences from States described in such subsection (b) on or after the date of the enactment of this Act, regardless of the date of the military or naval order concerned.

SEC. 3. DETERMINATION FOR TAX PURPOSES OF RESIDENCE OF SPOUSES OF MILITARY PERSONNEL.

(a) IN GENERAL.—Section 511 of the Servicemembers Civil Relief Act (50 U.S.C. App. 571) is amended—

(1) in subsection (a)—

(A) by striking "A servicemember" and inserting the following:

"(1) IN GENERAL.—A servicemember"; and

(B) by adding at the end the following:

"(2) SPOUSES.—A spouse of 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 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 servicemember's military orders if the residence or domicile, as the case may be, is the same for the servicemember and the spouse.";

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (f), and (g), respectively;

(3) by inserting after subsection (b) the following new subsection:

"(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 is in the jurisdiction solely to be with the servicemember serving in compliance with military orders."; and

(4) in subsection (d), as redesignated by paragraph (2)—

(A) in paragraph (1), by inserting "or the spouse of a servicemember" after "The personal property of a servicemember"; and

(B) in paragraph (2), by inserting "or the spouse's" after "servicemember's".

50 USC app. 571 note.

(b) APPLICATION.—Subsections (a)(2) and (c) of section 511 of such Act (50 U.S.C. App. 571), as added by subsection (a) of this section, and the amendments made to such section 511 by subsection (a)(4) of this section, shall apply with respect to any return of State or local income tax filed for any taxable year beginning with the taxable year that includes the date of the enactment of this Act.

SEC. 4. SUSPENSION OF LAND RIGHTS RESIDENCY REQUIREMENT FOR SPOUSES OF MILITARY PERSONNEL.

(a) IN GENERAL.—Section 508 of the Servicemembers Civil Relief Act (50 U.S.C. App. 568) is amended in subsection (b) by inserting "or the spouse of such servicemember" after "a servicemember in military service".

50 USC app. 568 note.

(b) APPLICATION.—The amendment made by subsection (a) shall apply with respect to servicemembers in military service (as defined

DOR Regulation 560-11-30-.13

560-10-30-.13 Non-Resident Members of the Armed Services Qualifications for Ad Valorem Tax Exemptions for Motor Vehicles.

(1) As used in this Regulation, the term:

(a) 'Dependent' shall mean:

1. The Servicemember's spouse, who is not a Georgia resident; or

2. The Servicemember's child, who is not a Georgia resident (as defined in Section 101(4) of Title 38 of United States Code); or

3. An individual, who is not a Georgia resident, for whom the Servicemember provided more than one-half of the individual's support for 180 days immediately preceding an application for relief under this Regulation.

(b) 'Servicemember' shall mean: Any active member of the armed services, who is not a Georgia resident, who is a citizen of the United States and meets all qualifications as set forth herein.

(2) a Servicemember may apply for an exemption pursuant to the federal Servicemembers Relief Act of 2009, from motor vehicle ad valorem taxes for:

(a) Any motor vehicles registered solely in the Servicemember's name;

(b) Any motor vehicles registered in the name of a Servicemember's nonresident Dependent.

(3) Each vehicle for which the Servicemember, or their Dependent seeks exemption the Servicemember shall provide the local county tax agent:

(a) An affidavit as set forth in this Regulation, certified by the Servicemember's commanding officer, and a notarized signature of the Servicemember stating that the Servicemember is:

1. An active armed services personnel member.

2. A citizen of the United States and nonresident of Georgia.

3. Stationed at a military instrumentality within the state of Georgia solely by virtue of military orders.

(b) If the exemption is being sought for a Dependent then the Servicemember shall also provide on the Affidavit:

1. Certification that the individual seeking to register the vehicle is a Dependent of such Servicemember.

2. A notarized signature of the Servicemember's Dependent stating that such Dependent is not a resident of Georgia.

Georgia Department of Revenue

SERVICE MEMBER'S AFFIDAVIT FOR EXEMPTION OF AD VALOREM TAXES FOR MOTOR VEHICLES

I, _____ _____
(Full Legal Name) (Service Member's Number)

do hereby solemnly swear or affirm that:

a) I am an active member of the armed services of the United States of America, Location of GA permanent duty station: _____

b) I am temporarily residing in the State of Georgia solely because my military orders require me to be stationed in Georgia and,

c) I am a citizen of the United States and not a legal resident of Georgia.

d) At this time, my home of record is the City of _____, County of _____, and State of_____.

e) _____ is my Dependent as defined in
(Full Legal Name of Dependent)

Regulation 560-10-30-.13. (If not filing this affidavit for a Dependent please leave blank).

I claim exemption from Georgia personal property taxes by the virtue of the Service Member's Relief Act of 2009, as amended.

Vehicle Identification Number	Year	Make	Model / Body Style

Any person making a false affidavit or affirmation as to any matter contained in this affidavit, or forging or causing this affidavit to be forged, shall be guilty of a felony and subject to a fine not to exceed ONE THOUSAND DOLLARS ($1,000), or imprisonment for not less than one (1) year and not more than five (5) years, or both. (O.C.G.A. 16-10-71).

Further sayeth affiant not.

_____ _____
(Signature) (Georgia residence address)

Sworn to and subscribed before me this _____ day of _____, 20_____

Notary Public _____ _____
(Printed Name) (Signature)

My commission expires: _____ (Seal)
(Date)

Certified Statement of Commanding Officer

I, _____, hereby certify that based upon the records available
(Printed Name)

to me, that the above service member is a member of my command or is the dependent of the above service member of my command and is not a legal resident of the state of Georgia.

_____ _____
(Printed Name) (Rank and Command)

_____ _____
(Signature of Commanding Officer or delegate) (Date)

Form PT 471 **06/2010**

Motor Vehicle Exemption Opinion

Attorney General Opinion
U90-151
August 21, 1990

Request By: Mr. David L. Mincey, Jr.
Crawford County Attorney

Opinion by: Lucy T. Sheftall, Assistant Attorney General

You have requested an unofficial opinion of this office on whether an active duty military person can claim an exemption from ad valorem taxes on her automobile under the Soldiers and Sailors Civil Relief Act of 1940 in the same year that her spouse with whom she lives claims a homestead exemption from real property ad valorem tax on their residence. Under Georgia law, the husband's filing of the homestead exemption, by itself, on a house titled in his name would not preclude the wife from claiming the above military personnel exemption. If, however, other circumstances establish a Georgia residency for the military wife, then she will be subject to ad valorem taxation on her automobile, notwithstanding the provisions of the Civil Relief Act.

As you are aware, Georgia exempts non-resident military personnel who are present in Georgia as a result of military orders from ad valorem taxes on their personal property pursuant to the Soldiers and Sailors Civil Relief Act of 1940, 50 U.S.C. App. 574. Op. Att'y. Gen. 67-2. The exemption, however, depends on the claimant being a "non-resident" of Georgia. Id. Although a serviceman is presumed to retain the residence and domicile he had at the time of entry into service, this presumption is a rebuttable one. Ellis v. Southeast Construction Co., 260 F.2d 280 (8th Cir. 1958). Thus, it is possible that the taxpayer in question, who had a non-Georgia residency prior to entering the service, might have conducted herself in a manner so that she lost her "non-residency" for ad valorem taxation purposes. I do not believe that her husband's filing for homestead exemption rebutted the presumption of her nonresidency, however.

Claiming a homestead exemption in Georgia indicates that the homestead exempted is the "legal residence and domicile of the applicant for all purposes whatever [sic]." O.C.G.A. 48-5-40(3)(K) (1982). The civilian husband was the applicant in this case. He indicated that his permanent residence was in Georgia when he claimed the exemption. Nothing in the Georgia Code, however, extends the husband's declaration of Georgia residency to his wife. The applicable homestead provision establishes the homestead as the permanent place of residence of the applicant only and as the home of the family. O.C.G.A. 48-5-40(3)(A) . The wife is bound by her husband's acts only to the extent that she cannot claim another homestead exemption on different property since Georgia allows only one exemption to an immediate family group. O.C.G.A. 48-5-40(3)(G).

Moreover, Georgia does not recognize the presumption that the domicile of a married woman is that of her husband. Rather, O.C.G.A. 19-2-3 (1989 Supp.) reads as follows: "The domicile of a married person shall not be presumed to be the domicile of that person's spouse." Thus, the mere

Georgia residency of the civilian husband is not enough, by itself, to prove the residency of the military wife for tax purposes. The court recognized this principle in Lance v. Safwat, 170 Ga. App. 694 (1984), in which it ruled that a wife's application for a homestead exemption on her house in Jackson County, among other factors, was not enough as a matter of law to rebut the husband's claim that he was a resident of DeKalb County.

Although the husband's filing for homestead did not establish the wife's Georgia residency, her own conduct might have accomplished this. Even though she claims to be a non-resident of Georgia, "such self-serving statements must be viewed in light of objective acts indicative of actual intent." Deckers v. Kenneth W. Rose, Inc., 592 F. Supp. 25, 27-28 (M.D. Fla. 1984). You would need to examine her conduct to see if any of her acts indicated a desire to establish Georgia residency. For example, one possible indication is whether she had an ownership interest in the home on which her husband claimed the exemption. Other indications of Georgia residency include being registered to vote and voting in Georgia elections, paying Georgia income tax, and listing oneself as a Georgia resident on a federal income tax return. Decker, 529 F. Supp. 25; Smiley v. Davenport, 139 Ga. App. 753, 758 (1976). Alternatively, the taxpayer may pay ad valorem tax or do one of the above acts in a state other than Georgia. If the objective acts of the military wife establish an intent to change her residency to Georgia, then she may not claim the exemption under the Civil Relief Act.

Accordingly, it is my unofficial opinion that the military member may continue to claim the exemption on her automobile, regardless of her husband's claiming the homestead exemption on his house, unless you can prove her loss of non-residency by other conduct on her part.

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	(T)axable or (E)xempt
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	

3. Is the property taxable in another county?

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.

*****Four Port Counties in Georgia: Chatham, Decatur, Glynn & Muscogee*****

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

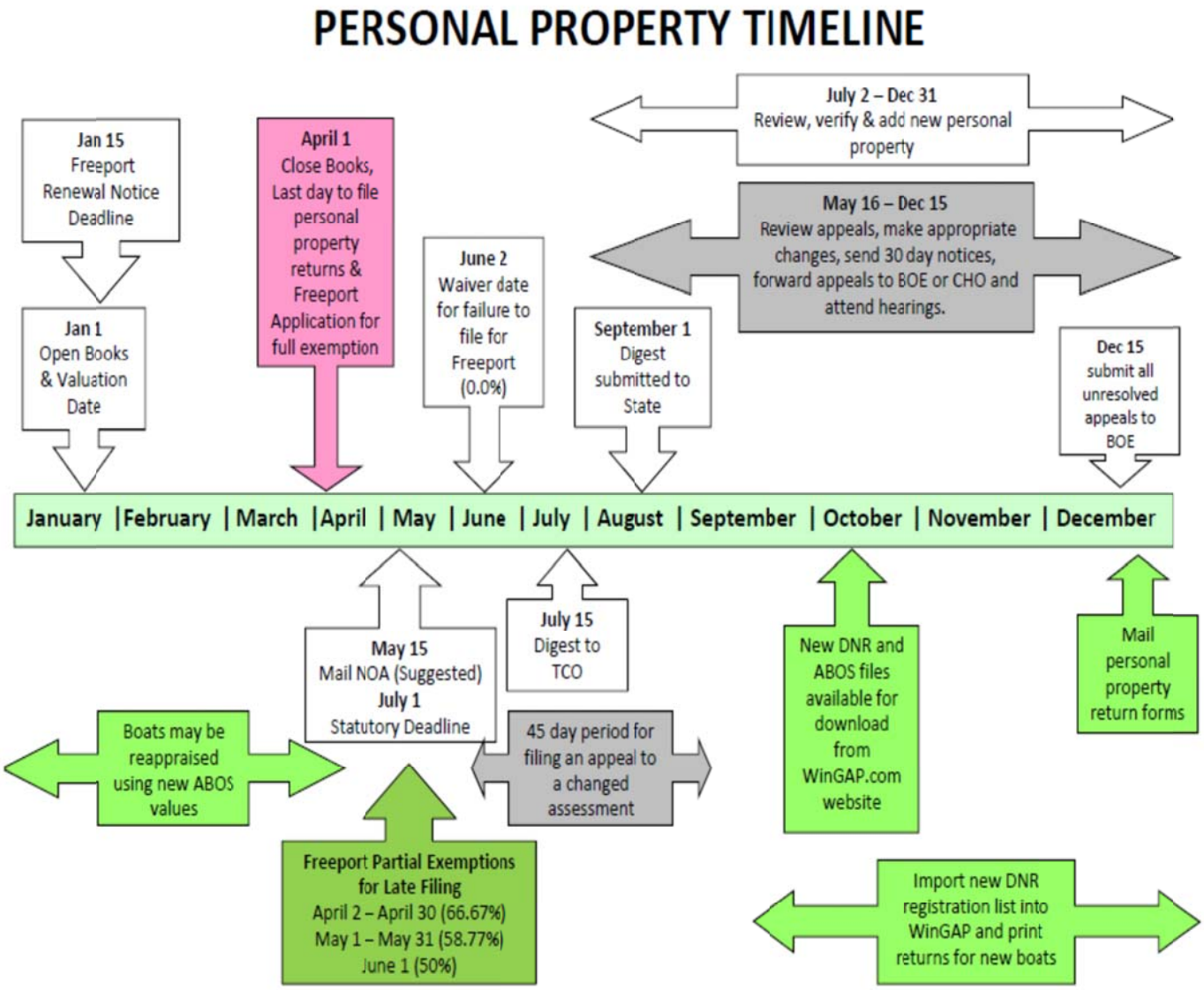
The value sought after by the county board of tax assessors is fair market value.

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.
(a) 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.

(b) 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.

(c) 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.

(d) 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 and (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 Good 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.

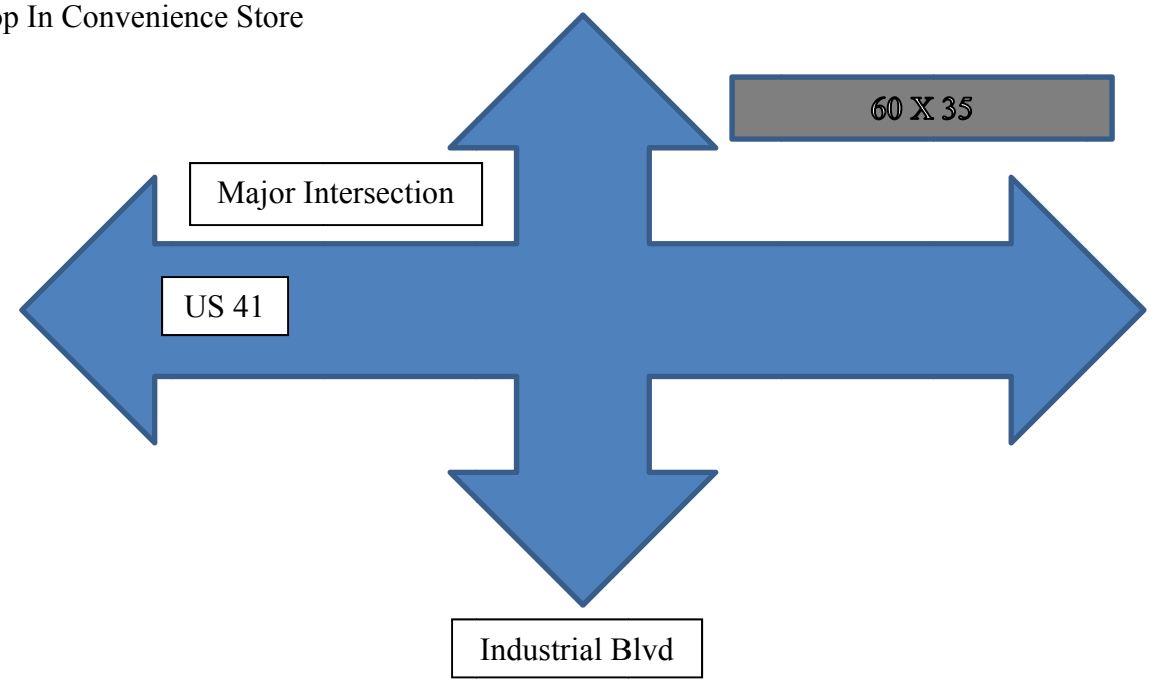
	$ Inventory	$ Fixtures	$ Equipment
Store #1	24,890	1,430	810
Store #2	25,700	1,290	850
Store #3	23,410	1,140	780
Store #4	24,200	1,500	790

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.

(d) Ready markets. When the appraiser lacks sufficient evidence to demonstrate the existence of a ready market, he or she shall consider any evidence submitted by the property owner demonstrating that a ready market is available. When the property owner cannot prove the existence of a reliable ready market, the appraiser may use other valuation approaches as authorized by law and Rule560-11-10-.08(5).

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 to the subject property) selling price to resemble the subject property.

3. Adjustments should be made first for finance (may not be necessary in appraising personal property) then time. Others 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.

(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.

4. 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.

3. 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.

1. 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.

On the other hand, 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.

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.

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 following 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.

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

Also, since this involves a change in value, the Board of Assessors should approve the download and schedule modifications before updating the ABOS 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.

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. Adjustments should be made for units in better or worse condition than published values. 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-50MA. The return form PT-50MA, entitled "Marine / Aircraft Personal Property Tax Return," may be used for the return of boats or aircraft.

(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 or aircraft that are included on the property owner's return.

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) _____

PAGE 1

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.	NAME OF PURCHASER: _____
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. ➤	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. ↳

PAGE 3

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): _____

PAGE 4

Marine Exercise

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

Part I

Owner Name and Address
June "Mama June" Shannon
154 Vinson Rd
McIntyre, GA 31602

Marine Information to include on Schedule D

Boat Information
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**

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.

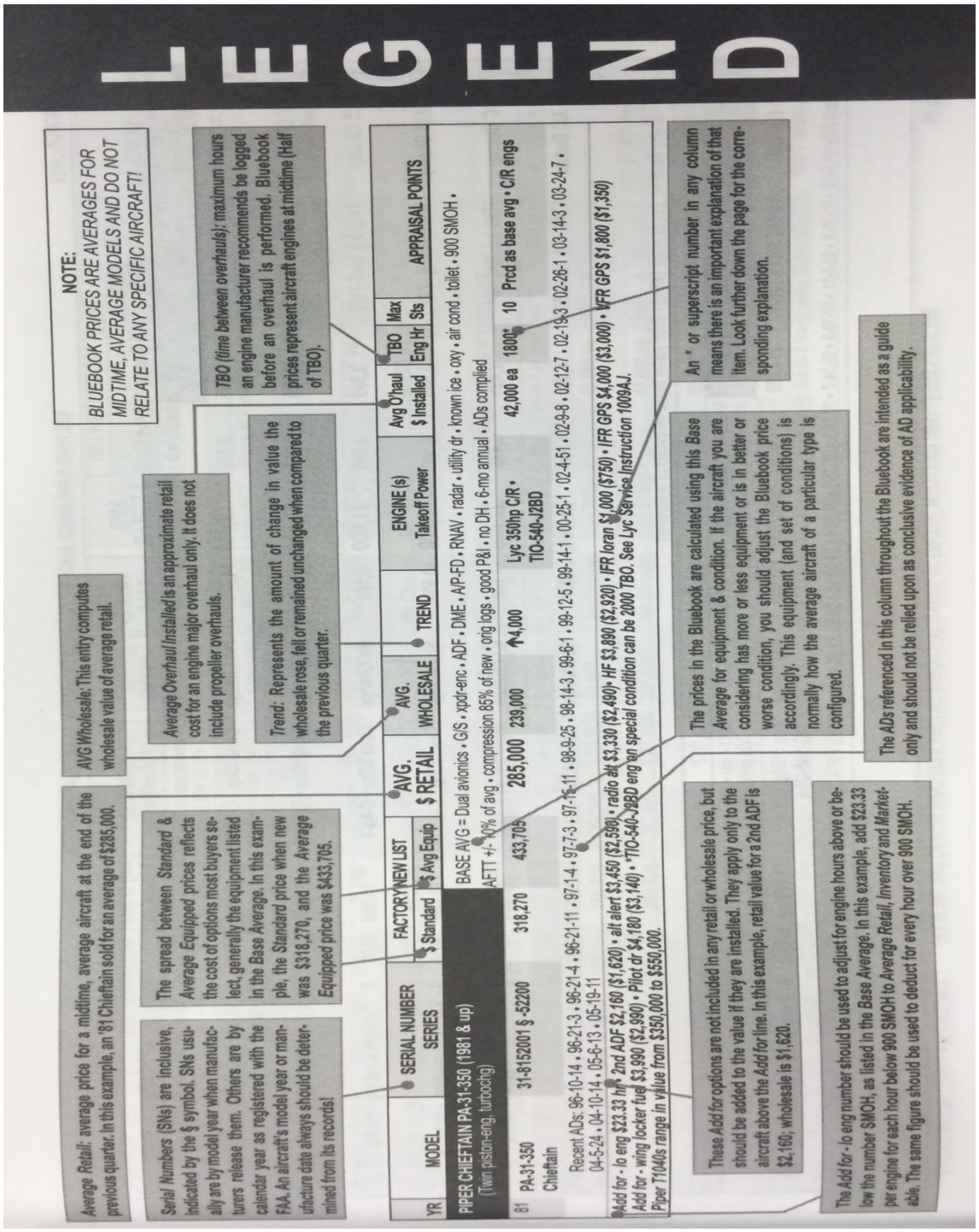
Airframe Total Time (AFTT) – used to determine the mechanical age of the aircraft, similar to mileage on a car. Just like a high-mileage car, an aircraft with high airframe time is worth less. AFTT is allowed to vary from the average by 10% (higher or lower) so no calculation is required for variances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

Aircraft Bluebook Legend



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

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) _____

PAGE 1

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: _____
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. ➤ PAGE 3

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: _____
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: _____

PAGE 4

Aircraft Exercise

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

Part I

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

Aircraft information to include on Schedule E

MFG Name: King Air
Model #: B200
Year Built: 1984
Serial Number: left blank
Date purchased: left blank
Purchased: used
Cost: $650,000

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

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 01/02/16. 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

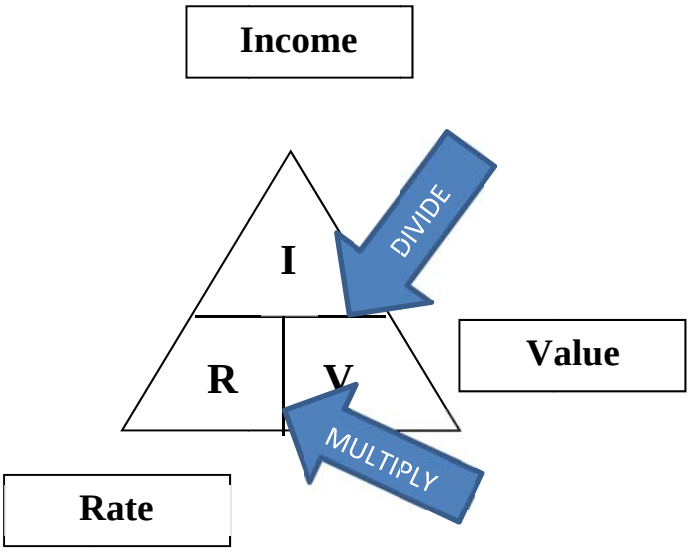
40% X 20 mills = .008

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

I = R x V

R = I ÷ V

V = I ÷ R

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.

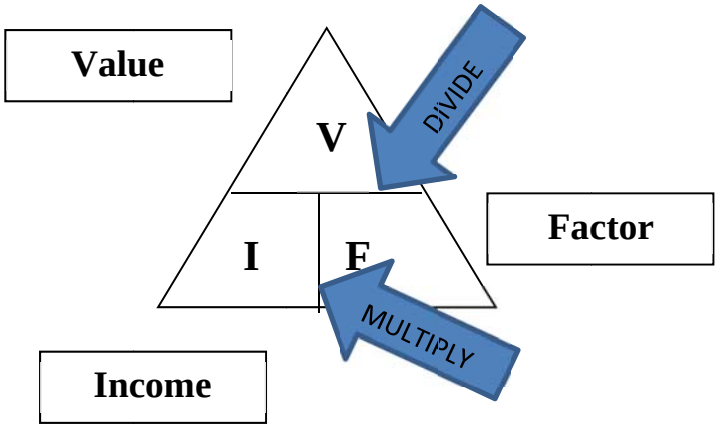
2. Direct sales analysis method. The direct sales analysis method estimates the income approach value of personal property by computing the relationship between income and sales data. This relationship is expressed as a factor. The method represents a blend of the sales comparison and income approaches 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



Value = Income x Factor

Income = Value ÷ Factor

Factor = Value ÷ Income

V = I x F

I = V ÷ F

F = V ÷ I

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)
Less Depreciation (Physical, Functional, Economic)
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 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: historical cost and 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

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.

1. 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	Nature	Rusting Pipes
Loose switches	Use	Boilers in poor repair
Broken plumbing switches	Decay	Excessive soot stains
Leaking piping connection	Rot	Mold and mildew stains

2. 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	

3. 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.

Population Patterns	Changes in Public Attitudes	Recreational Trends	Taxes
Neighborhood Characteristics	Geographic Factors	Public Services	Building Codes
Fashion Trends	External Hazard or Nuisance	Unemployment	Availability of Credit
Transportation	Natural Resources	Wages	Zoning
Utilities	Education	Economic Stagnation	Governmental Action or Inaction
Energy Supply		A Glutted Market	
Social Changes		Interest Rates	

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

2. 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

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.

For those appraisers without this ability, 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.

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

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) Recreaton 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	

(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, as revised in 1998, 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, as revised in 1998.

GROUPINGS

GENERAL ASSET CLASSIFICATIONS			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Battery - Charger	Air Compressor	Signs	Computer Hardware
Battery - Forklift	Air Conditioner (Window Unit)		Computer Wiring
Cash Registers	Draperies Blinds		Printer
Copiers	Forklifts		Tooling
Fax Machines	Furniture		
Hand Tools	Racking/Shelves		
Lawn Mower	Security System		
Telephone System			
Television			
POS Registers			

DISTRIBUTION CENTER/WAREHOUSE			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Battery - Forklift	Boxing Machines	Conveyors	Shipping Containers
Pallets	Compressor		
	Forklifts		
	Racking/Shelves		

CORPORATE OFFICE			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Calculators	Artwork/Pictures		Computer Hardware
Copiers	Draperies/Blinds		Modems
Fax Machine	Office Furniture		
Postage Machine	Security Alarm		
Telephone System			

FINANCIAL INSTITUTION			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Calculators	Currency Counter	Vault Door	ATM Kiosk
Canopies	Pneumatic Tube		Automated Teller Unit
	Safe Deposit Boxes		
	Teller Stations		

RESTAURANT			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Carbon Dioxide (CO 2)	Booths	Electrical Coolers	Computer Hardware
Cash Registers	Buffet Serving Table	Freezer	Computer Wiring
Utensils	Condiment Dispensers	Road Sign	Printer
POS Registers	Hood Installation	Walk-In Freezer/Cooler	Tooling
	Ice Cream Machine		
	Kitchen Equipment		
	Menu Board		
	Neon Lights		
	Oven		
	Playground Equipment		
	Rugs		
	Salad Buffet		
	Security System		
	Shake Mixer		
	Sinks		
	Soda Fountain		
	Stereo Equipment		
	Tables/Chairs		

COUNTRY CLUB			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Gas Grill	Kitchen Equipment	Ice Machine	
Golf Carts	Lockers	Walk In Cooler	
Green Maintenance Equipment	Piano		
Microwave	Pool Furniture		
	Salad Bar		
	Soda Fountain		

CAR DEALERSHIP			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Lawn Mowers	Brake Lathe		
Radio Display	Compressor		
Tools	Front-End Machine		
	Repair Equipment		
	Tractors		

HEALTH INSTITUTIONS			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Microscope	Bedding/Linen		MRI Equipment
Monitors – EKG/VGA	Beds		
Oxygen/Air Systems	Medical Cabinets		
Public Announcement Systems	X-Ray Equipment		
Surgical Tools			
Televisions			
Ventilators/Defibralators			
Wheel Chairs			

HOTELS			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Cable Systems	Appliances		
Telephone Systems	Bar/Lounge Equipment		
Television	Bedding/Linen		
	Draperies		
	Exercise Equipment		
	Front Desk Counter		
	Lamps		
	Maid Carts		
	Pool Furniture		
	Room Furniture		
	Vacuum Cleaner		
	Wall Hangings		

RETAIL STORES			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Cash Registers	Check-Out Stations		
Mannequins	Clothing Racks		
Mirrors	Display Cases		
Shopping Carts	Forklifts		
POS Cash Registers	Shelving		

GROCERY STORES			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Shopping Carts	Bakery/Deli Equipment	Freezer/Coolers	
	Check-Out Stations		
	Checkstand Lights		
	Grinders (Coffee)		
	Hanging Scales		
	Lobster Tank		
	Meat/Dairy Cases		
	Sealing Machines		
	Slicers		
	Tenderizers		
	Weighing Systems		

CAR WASH			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Television	Car Wash Unit	Cooler	Receipt Printer
POS Cash Registers	Counters	Tanks (Above Ground)	Tank Monitor - PC
	Dispenser	Tanks (Underground Storage)	
	Fuel Monitoring Systems		
	Fuel Pumps		
	Leak Detection Systems		
	Monitoring Wells		
	Retail Fixtures		
	Submerged Pump		
	Tire Changer		
	Vacuum Cleaners		
	Welders		

CONSTRUCTION			
GROUP 1	**GROUP 2**	**GROUP 3**	**GROUP 4**
Air Compressors	Trailers (unless tagged)		
Backhoes			
Cranes			
Dragline			
Equipment Attachments			
Forms			
Generators			
Graders			
Hammers			
Jacks			
Loaders			
Mixers			
Mobile Radios			
Pumps			
Scrapers			
Sprayers			
Sweepers/Rollers			
Tools			
Tractors			
Welders			

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 include 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

	Rice Town Inc	Asset Listing	
Year Acquired	Description	Cost	Group
2010	Copier	$ 5,000.00	_____
2000	Computer	$ 7,490.00	_____
2004	Desk	$ 500.00	_____
2005	Travel Printer	$ 250.00	_____
2009	Chairs	$ 876.00	_____
2008	Air Compressor	$ 572.00	_____
2007	Fire Suppression System	$ 8,788.00	_____
2006	Dishes	$ 7,000.00	_____
1970	Portable Tables	$ 5,000.00	_____
2000	Wet Vac	$ 450.00	_____
2001	Ice Maker Machine	$ 3,000.00	_____
2003	Sign (Neon)	$ 4,500.00	_____
2010	Underground Grease Tank	$ 7,200.00	_____
1995	Toast Master	$ 2,000.00	_____
1997	Grill	$ 4,789.00	_____

Group Assets for Rice Town, Inc

To be continued……..

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

(iii) Composite conversion factors. The appraisal staff shall, in accordance with this Rule, 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.

(I) Group I composite conversion factors. The following composite conversion factors shall be applied to Group I assets to arrive at the basic cost approach value for years one through seven: Y1-.87, Y2-.74, Y3-.58, Y4-.43, Y5-.32, Y6-.26, Y7-.21. Thereafter the residual composite conversion factor shall be .20.

(II) Group II composite conversion factors. The following composite conversion factors shall be applied to Group II assets to arrive at the basic cost approach value for years one through eleven: Y1-.92, Y2-.85, Y3-.78, Y4-.70, Y5-.63, Y6-.54, Y7-.44, Y8-.34, Y9-.28, Y10-.25, Y11-.25. Thereafter the residual composite conversion factor shall be .20.

(III) Group III composite conversion factors. The following composite conversion factors shall be applied to Group III assets to arrive at the basic cost approach value for years one through sixteen: Y1-.95, Y2-.91, Y3-.87, Y4-.82, Y5-.79, Y6-.75, Y7-.70, Y8-.63, Y9-.57, Y10-.52, Y11-.47, Y12-.41, Y13-.35, Y14-.31, Y15-.29, Y16-.28. Thereafter the residual composite conversion factor shall be .20.

(IV) Group IV composite conversion factors. The following composite conversion factors shall be applied to Group IV assets to arrive at the basic cost approach value for years one through three: Y1-.67, Y2-.54, Y3-.31. Thereafter the residual composite conversion factor shall be .10.

Appraisal Procedures Manual Composite Conversion Factors

Group I (5-7 Years Typical Useful Life, IRS Asset Class 00.13, Data Handling Equipment)

Year Acquired	Depreciation Percentage	Percent Good	X	Cost Index	=	CCF
1	13%	87%	X	1.001	=	0.87
2	27%	73%	X	1.009	=	0.74
3	43%	57%	X	1.025	=	0.58
4	59%	41%	X	1.041	=	0.43
5	70%	30%	X	1.079	=	0.32
6	77%	23%	X	1.109	=	0.26
7	81%	19%	X	1.130	=	0.21
8+	80%	20%	X	—	=	0.20

Group II (8-12 Years Typical Use Life, IRS Asset Class 00.11, Office Furniture & Fixtures)

Year Acquired	Depreciation Percentage	Percent Good	X	Cost Index	=	CCF
1	8%	92%	X	1.001	=	0.92
2	16%	84%	X	1.009	=	0.85
3	24%	76%	X	1.025	=	0.78
4	33%	67%	X	1.041	=	0.70
5	42%	58%	X	1.079	=	0.63
6	51%	49%	X	1.109	=	0.54
7	61%	39%	X	1.130	=	0.44
8	70%	30%	X	1.144	=	0.34
9	76%	24%	X	1.167	=	0.28
10	79%	21%	X	1.198	=	0.25
11	80%	20%	X	1.263	=	0.25
12+	80%	20%	X	—	=	0.20

Group III (13+ Years Typical Useful Life)

Year Acquired	Depreciation Percentage	Percent Good	X	Cost Index	=	CCF
1	5%	95%	X	1.001	=	0.95
2	10%	90%	X	1.009	=	0.91
3	15%	85%	X	1.025	=	0.87
4	21%	79%	X	1.041	=	0.82
5	27%	73%	X	1.079	=	0.79
6	32%	68%	X	1.109	=	0.75
7	38%	62%	X	1.130	=	0.70
8	45%	55%	X	1.144	=	0.63
9	51%	49%	X	1.167	=	0.57
10	57%	43%	X	1.198	=	0.52
11	63%	37%	X	1.263	=	0.47
12	69%	31%	X	1.317	=	0.41
13	74%	26%	X	1.336	=	0.35
14	77%	23%	X	1.348	=	0.31
15	79%	21%	X	1.368	=	0.29
16	80%	20%	X	1.406	=	0.28
17+	80%	20%	X	—	=	0.20

Group IV (1-4 Years Typical Useful Life, IRS Asset Class 00.12, Computers)

Year Acquired	Depreciation Percentage	Percent Good	X	Cost Index	=	CCF
1	33%	67%	X	—	=	0.67
2	46%	54%	X	—	=	0.54
3	69%	31%	X	—	=	0.31
4+	90%	10%	X	—	=	0.10

COMPOSITE CONVERSION FACTORS																	
AGE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
I	**.87**	**.74**	**.58**	**.43**	**.32**	**.26**	**.21**	.20	.20	.20	.20	.20	.20	.20	.20	.20	.20
II	**.92**	**.85**	**.78**	**.70**	**.63**	**.54**	**.44**	**.34**	**.28**	**.25**	**.25**	.20	.20	.20	.20	.20	.20
III	**.95**	**.91**	**.87**	**.82**	**.79**	**.75**	**.70**	**.63**	**.57**	**.52**	**.47**	**.41**	**.35**	**.31**	**.29**	**.28**	.20
IV	**.67**	**.54**	**.31**	.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 "Appraisal Procedures Manual" (Department Rule 560-11-10) using the basic cost approach uses 20%. Marshall and Swift (using RCN) establishes 20% as the residual.

OCN X 20% = Residual Value

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. Marshall and Swift establish 10% and the "Appraisal Procedures Manual" (Department rule 560-11-10) also establishes 10%. The basic cost approach value for property withdrawn from active use but retained as back up equipment is one half the value indicated otherwise indicated using the basic cost approach for such property.

> **(v) 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% = Salvage Value

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	.92	Machine is depreciated on an annual basis determined by economic life
	2	.85	
	3	.78	
	4	.70	
	5	.63	
	6	.54	
	7	.44	
	8	.34	
	9	.28	
Approaching end of economic life	10	.25	
	11	.25	
	12	.20	Reaches maximum 80% depreciation (20% good)
	13	.20	Reaches maximum 80% depreciation (20% good)
Leaves Production	14	.20	Reaches maximum 80% depreciation (20%) good
	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 1/2**

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

Review

1. What is residual value? _____
2. What is the average residual value on property established by Marshall and Swifts?

   _____
3. Define Economic Life. _____
4. Under the Straight-Line Method, what would the annual depreciation percentages be for the following years? _____
   a. Five Years _____
   b. Eight Years _____
   c. Ten Years _____
   d. Twelve Years _____
   e. Fifteen Years _____
5. What is the formula for determining replacement cost new (RCN)? _____
6. Determine the Index Factor for the following as of January 1987 (round 3 decimal places:
   a. Bakery Equipment purchased in 1978 (1987 = 755.2, 1978 = 491.5)

      _____
   b. Office Equipment purchased in 1982 (1987 = 703.8, 1982 = 641.4)

      _____
   c. Metal Working Equipment purchased in 1972 (1987 = 923.6, 1972 = 360.5)

      _____
7. What is the calculation for property withdrawn from active use?

   _____
8. What is salvage value? _____
9. How is the composite conversion factor calculated? _____
10. List the typical economic lives for the following groups.
    a. Group I: _____
    b. Group II: _____
    c. Group III: _____
    d. Group IV: _____
11. What is the residual composite conversion factor for Groups I-III? _____
12. What is the residual composite conversion factor for Group IV? _____
13. What is the basic cost approach value calculation? _____
14. Define depreciation. _____
15. Name the three types of depreciation and give examples of each.
    a. _____
    b. _____
    c. _____

(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.

No. A00A2333. 548 S.E.2d 404 (2001) 248 Ga. App. 651, Court of Appeals of Georgia. March 19, 2001.

Certiorari Denied September 7, 2001.

M. Wheeler Bryan, Marie B. Hannon, Scott M. Dixon, Atlanta, for appellant.

Maddox, Nix, Bowman & Zoeckler, Thomas A. Bowman, Robert L. Zoeckler, Conyers, for appellee.

ANDREWS, Presiding Judge.

This case involves the application of Georgia ad valorem tax to an agent for consigned merchandise owned by out-of-state residents but offered for sale in Fulton County. The local jewelry store where the merchandise was offered for sale challenged the inclusion of items under consignment in its assessment. It claims that the merchandise cannot be taxed because it was only temporarily in Georgia. The Superior Court of Fulton County determined that the tax assessment properly included the consigned goods, and the jewelry store appeals. We hold that the plain statutory language authorizes assessment of the consigned goods and the fact that the store kept some of the items temporarily does not mean that the tax was applied unconstitutionally.

Brown & Company Jewelry, Inc., a Georgia corporation in business since 1974, owns and operates a business in Fulton County. Part of Brown's inventory consists of store-owned property, and part consists of consignment items belonging to companies located in other states. Brown either sells the jewelry, giving the consignor the "reference price" as indicated on the contract, or returns the jewelry to the consignor. Industry standard contracts provide that the jewelry remains the property of the consignor, which can recall it at any time. The consignment jewelry typically spends from three to ninety days at Brown's store before being either sold or returned. As Frank Brown explained, displaying the consignment jewelry constituted "good window dressing for us" because it offered potential buyers other purchase options and increased the appearance of store inventory when the store-owned jewelry became depleted. For example, at the end of December 1995, the store had $1,385,038 in consigned jewelry on hand for sale. By the end of January 1996, the store still had most of the consigned jewelry and had sent back $440,268 worth.

At trial, two issues were presented for resolution, the taxability of the jewelry held by Brown on consignment in tax years 1995 and 1996, and the valuation of that jewelry if, in fact, the property was subject to ad valorem taxation. The merchandise at issue came from 25 or 30 jewelry companies located in other states and was not owned by Brown. The trial court noted that under the provisions of OCGA § 48-5-3, generally all personal property is subject to taxation unless a recognized tax exemption applies. Concluding that no tax exemption applied to the jewelry held on consignment by Brown, the court found that as part of the inventory of a retail Georgia business, under OCGA § 48-5-3 the property was

required to be returned to the Tax Assessor of Fulton County, the county where the inventory was located. The trial court further found: the Georgia statutory scheme as set out herein does not violate the Constitution of the United States or of the State of Georgia and that because the Court does not declare the statutes to be unconstitutional as applied to this category of property, no notice to the Attorney General is required.

In this appeal, Brown contends that the trial court erred in holding that the consigned personal property owned by out-of-state consignors and held for only short periods of time by Brown for sale to its customers is subject to Georgia ad valorem taxation. Brown claims that because the jewelry was present in Fulton County on only a short, temporary basis, the property did not acquire a tax situs in Georgia for ad valorem tax purposes.

When reviewing a bench trial where only issues of law were decided, this Court uses the plain legal error standard of review. *Hart v. Hart,* 245 Ga.App. 734-735, 538 S.E.2d 814 (2000). Here, no error occurred. See*Glover v. Ware,* 236 Ga.App. 40, 45(3), 510 S.E.2d 895 (1999).

When the language of a statute is unambiguous, a court has no authority to imply a contrary intent. *Jersawitz v. Hicks,* 264 Ga. 553, 554, 448 S.E.2d 352 (1994). Nor should subtle or forced constructions of a statute be used to limit or extend its scope. Id. Here, the explicit language of the applicable statutory law requires that this property be taxed. With certain statutory exceptions not relevant here, OCGA § 48-5-3 provides that "all personal property shall be liable to taxation and shall be taxed." Tax assessment day is January 1. OCGA § 48-5-10. OCGA § 48-5-14 imposes tax liability upon nonresidents, all persons who return property for nonresidents, and the nonresident's property located in Georgia. And the determinative statute, OCGA § 48-5-16(b), expressly provides: "When the agent in this state of any person who is a resident of another state has on hand and for sale, storage, or otherwise merchandise or other tangible property, he shall return the property for taxation as provided in Code Section 48-5-12." According to OCGA § 48-5-12, the personal property of nonresidents shall be returned for taxation in the county where the property is located. It is undisputed that the jewelry was located at Brown's store in Fulton County.

While conceding that it had consigned merchandise on hand for sale on January 1, Brown argues that it should not be required to return the merchandise for taxes because the jewelry customarily remains in this State only for brief periods. However, the law affords no statutory exception based on the length of time merchandise is present in this State. Consequently, according to the plain statutory terms, Brown was obligated to return the property for taxation in Fulton County because Brown was acting as the "agent in this state," on behalf of "any person who is a resident of another state," and who "has on hand and for sale" the merchandise. OCGA § 48-5-16(b); see *Jersawitz,* 264 Ga. at 554, 448 S.E.2d 352 (no interpretation needed when statutory terms are clear).

Brown does not attack the constitutionality of OCGA § 48-5-16. Instead, Brown seeks to engraft a proviso extracted from another statute entitled "Situs of returns by nonresidents" (OCGA § 48-5-12). That Code section mandates that "[u]nless otherwise provided by law, all real and personal property of nonresidents shall be returned for taxation to the tax commissioner or tax receiver of the county where the property is located." OCGA § 48-5-12. Brown argues that the due process

and commerce clauses of the U.S. Constitution constitute such other provisions of law that prohibit the application of the tax to property of a nonresident unless that property has attained a "degree of permanency" in Georgia.

To support that assertion, Brown relies solely upon *Marion v. Floyd County Bd. of Equalization,* 270 Ga. 475, 511 S.E.2d 512 (1999).[1] But *Marion* is factually and legally distinguishable. The central issue in *Marion* was the application of a different statute which pertains to the taxation of real and personal property belonging to a resident individual. See OCGA § 48-5-11. That Code section provides: "Unless otherwise provided by law, all: ... (2) Personal property of a resident individual shall be returned for taxation to the tax commissioner or tax receiver of the county where the individual maintains a permanent legal residence." OCGA § 48-5-11(2). In *Marion,* the issue was the propriety of taxing a recreational boat "functionally located" in Alabama but owned by an individual who resided in Georgia. *Marion,* 270 Ga. at 476, 511 S.E.2d 512. Our Supreme Court determined that the application of OCGA § 48-5-11 "to property permanently located outside the State of Georgia is an unconstitutional deprivation of due process of law." *Marion,* 270 Ga. at 477(2), 511 S.E.2d 512. For that reason, the Supreme Court remanded for a factual determination as to whether the boat had acquired a tax situs in Alabama. Id. at 478, 511 S.E.2d 512.

Notwithstanding Brown's claim to the contrary, we cannot agree that *Marion* stands for the proposition that any personal property which is not "permanently located" or has not acquired a degree of permanency in Georgia on January 1 is not taxable. Consequently, we do not find that similar due process concerns are implicated here. Nor do we find a commerce clause problem. See *Quill Corp. v. North Dakota,* 504 U.S. 298, 307(III), 112 S.Ct. 1904, 119 L.Ed.2d 91 (1992). We conclude that regardless of the "degree of permanence" of the personalty in Georgia, this State's tax has been properly applied to Brown. The merchandise was held for sale at Brown's store, was located here for a limited amount of time, and was advertised for sale here, and sales could and did occur here. In other words, the goods were in commerce here. These contacts constitute a substantial nexus, regardless of the length of time the merchandise remained advertised or held for sale in Georgia. See generally *Complete Auto Transit v. Brady,* 430 U.S. 274, 97 S.Ct. 1076, 51 L.Ed.2d 326 (1977). Since Brown did not sustain its burden of showing that OCGA § 48-5-16 was applied in an unconstitutional manner, we affirm the judgment of the trial court. See *Marion,* 270 Ga. at 477(2), 511 S.E.2d 512.

Judgment affirmed.

MILLER and MIKELL, JJ., concur.

POPE, P.J., disqualified.

Many business 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
- Sales (at cost)
= 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
+ Freight In
= Value

Example for Manufacturing Business

Original Cost of Raw Materials
+ Freight In
+ Direct Labor
+ Manufacturing Overhead (Cost of Production)
= 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)	TAX
+ 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)	TAX
+ 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)

Judicial Decision

G. C. Gilpatrick, etal, vs. Charles A. Henson, Jr., etal
Fulton County Superior Court Civil Action No. B-629-7

Excerpt from: Order of the Court
January 4, 1972

"The court finds the Board has adopted certain procedures relating to the assessments of inventories as follows:

(a) Inventory costs f.o.b. Atlanta will be used as a base or starting point to determine fair market value of inventory.

(b) Costs will be arrived at by converting anything other than current cost back to cost. 'LIFO' will not be acceptable. ('LIFO' is a method of accounting used for income tax purposes in which today's merchandise is converted to a basis of cost sometime in the past which on today's inflationary market is less than cost. This is not acceptable for ad valorem tax purposes.)

(c) Using cost f.o.b. Atlanta, including freight, additions or deductions may be added or subtracted to arrive at fair market value. The amount of each taxpayer will be studied separately in order to determine if other additions or deductions are applicable."

"Inventories are classified into three major categories, manufacturing, wholesale, or distribution, and retail. Each of these three major categories of inventory will be analyzed and evaluated as follows:

(a) Manufacturer's inventory usually consists of three types: (1) Raw materials, (2) Work in process, and (3) Finished goods. 'Raw materials' are those components of a future product that are still in their original state of being and have not been acted upon. 'Work in process' are those raw materials which have been partially acted upon but are still in an unfinished condition. 'Finished goods' are raw materials which have been acted upon to produce the finished product. In the evaluation of a manufacturer's inventory, 'overhead' (also referred to as Burden) consists of such items as depreciation on buildings and machinery, taxes on buildings, electricity, fuel, direct labor of foremen, repairmen and porters, etc.

(b) Wholesale or distributor's inventory is analyzed as follows: The inventory of a wholesaler or distributor consists of a finished product, usually purchased in large quantities and held for resale in smaller quantities. In some instances this product may acquire an added value of Federal, State, or local taxes, such as cigarette (sic) or liquor taxes, or any other charges imposed upon the item that makes it more valuable to the owner. In all such cases, the fair market value will be determined from the cost of the product plus the freight and whatever other costs or charges have been incurred, including burden or overhead.

(c) Retail inventory will be analyzed as follows: Retailer's inventory consists of finished products purchased from the wholesaler in quantities as needed and held in reserve or put on the shelves for sale to and consumption by the public. The value of this inventory will 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.

(d) In the evaluation of all of these classes of inventory, obsolescence will be applied where there is evidence that the inventory is out of date, has lost some of its original use or value, or has been replaced by newer styles or a more efficient product.

"The principal consideration before this Court at this time is the method of making assessments on inventories in the hands of merchants."

"It is insisted by the complainants that a valuation at retail selling price constitutes fair market value. This Court finds that a valuation of a retail merchant's inventory at its retail selling price would ignore the various services performed by a retailer in connection with the sale of inventory and the fact that the retail selling price of the inventory is in large part attributable to these services."

"The price which the retail merchant demands for his inventory in excess of the basic costs to him is in a large measure attributable to the services which he provides in connection with his ownership and sale of the inventory and does not increase the fair market value of the product as it moves into the channels of commerce."

"The Court has heretofore found the 'wholesale costs' basis alone is inadequate. The Court now finds 'retail costs basis' cannot be justified as a basis for fair market value and would not represent a fair and equitable method of valuation.

"The Court finds the procedures adopted by the Joint City-County Board of Tax Assessors as to the method of determining fair market value of tangible personal property including inventories is an accurate method in arriving at the fair market value of tangible personal properties"

"The Court is particularly impressed with the following guidelines adopted by the board 'the value of inventory will 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 members of the Joint City of Atlanta-Fulton County Board of Tax Assessors are hereby directed to follow the guidelines and procedures as outlined. . . ."

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)**

The following is an Example of FIFO vs. LIFO

Beginning inventory of 500 units (300 @ 4.10 + 200 @ 4.25) with purchases as follows: 100 units @ 4.30; 200 units at 4.50; 150 units @ 4.60; 300 units @ 4.75. Sales (as sold) for the year are 285, 40, 80, 125, 75, 150 and 85. By year end a total of 840 units had been sold, leaving a closing balance of 410 units.

Beginning Inventory:	FIFO	LIFO
300 Units @ 4.10 =	1,230.00	1,230.00
200 Units @ 4.25 =	850.00	850.00
	2,080.00	2,080.00

Purchases:	FIFO	LIFO
100 Units @ 4.30 =	430.00	430.00
200 Units @ 4.50 =	900.00	900.00
150 Units @ 4.60 =	690.00	690.00
300 Units @ 4.75 =	1,425.00	1,425.00
	3,445.00	3,445.00
Cost of Goods Available for Sale	5525.00	5525.00

Less FIFO sales:	
285 Units @ 4.10 =	1,168.50
40 Units (15 @ 4.10 + 25 @ 4.25) =	167.75
80 Units @ 4.25 =	340.00
125 Units (95 @ 4.25 + 30 @ 4.30) =	532.75
75 Units (70 @ 4.30 + 5 @ 4.50) =	323.50
150 Units @ 4.50 =	675.00
85 Units (45 @ 4.50 + 40 @ 4.60) =	386.50
	(3,594.00)

Less LIFO sales:	
285 Units @ 4.75 =	1,353.75
40 Units (15 @ 4.75 + 25 @ 4.60) =	186.25
80 Units @ 4.60 =	368.00
125 Units (45 @ 4.60 + 80 @ 4.50) =	567.00
75 Units @ 4.50 =	337.50
150 Units (45 @ 4.50 + 100 @ 4.30 + 5 @ 4.25) =	653.75
85 Units @ 4.25 =	361.25
	(3,827.50)

Closing Inventory (at cost)	1931.00	1697.50
	FIFO	LIFO

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.

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

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	IINDICATED 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 inventory receiving Freeport Exemption under O.C.G.A. § 48-5-48.2.			
P. **Freeport Inventory** — Includes inventory receiving exemption Under O.C.G.A. § 48-5-48.2			
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: _____

PAGE 1

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) may be available in your county (exemption of inventory of goods in the process of manufacture or production, finished goods and finished goods stored for out of state shipment). 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.

PAGE 2

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 (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. _____

PAGE 3

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

PAGE 4

	Rice Town Inc	Asset Listing	
Year Acquired	Description	Cost	Group
2010	Copier	$ 5,000.00	_____
2000	Computer	$ 7,490.00	_____
2004	Desk	$ 500.00	_____
2005	Travel Printer	$ 250.00	_____
2009	Chairs	$ 876.00	_____
2008	Air Compressor	$ 572.00	_____
2007	Fire Suppression System	$ 8,788.00	_____
2006	Dishes	$ 7,000.00	_____
1970	Portable Tables	$ 5,000.00	_____
2000	Wet Vac	$ 450.00	_____
2001	Ice Maker Machine	$ 3,000.00	_____
2003	Sign (Neon)	$ 4,500.00	_____
2010	Underground Grease Tank	$ 7,200.00	_____
1995	Toast Master	$ 2,000.00	_____
1997	Grill	$ 4,789.00	_____

Merchandise = 7,000.00 Supplies=6,000.00 Spare Parts=600.00

Taxpayer declared $ 50,000.00 as their return value for this year.

The return was filed with your office on April 3rd.

Toast Master 1995 for 2,000.00 was disposed of. It was damaged in a fire.

The Company has requested Freeport exemption.

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

(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.

3. Rounding. The appraisal staff may express the final fair market value estimate to the board of tax assessors in numbers that are rounded to the nearest hundred dollars.

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

On the next pages are examples of various counties Audit Selection Criteria.

Audit Selection Criteria #1

The Board of Assessors, consistent with Georgia law*, shall audit all personal property returns in Lee 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.*

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 Fannin 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 Fannin 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 Fannin 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.

E. The most current Audit Selection list shall be available upon request.

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 Gilmer 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 were 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:

A. The rendition or statement for the tax years being audited
B. A balance sheet value for the tax years being audited as of January 1
C. A detailed ledger of capitalized personal property (equipment) for the tax years being audited as of January 1
D. An income statement 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.**

§ 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.

Audit List for BTA Approval

Cobb County Board of Tax Assessors
Personal Property Division
Explanation for Assignment of In House Audits
For Audits Assigned (Month Date, Year)
Recommendations to Board of Tax Assessors (Month Date, Year)

	TAXPAYER NAME	ACCOUNT #	TAX YEARS	2015 FMV	EXPLANATION	SELECTION CRITERIA	PRIOR YR AUDITS	TYPE OF BUSINESS
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								

Name Sally Emery Date

Name Stephen White Date

Audits are selected in accordance with current BTA Auditing Policy.

1 of 1

Excerpt from Fulton County Board of Assessors Chairperson deposition in Fulton County Bd. of Assessors v. Saks Fifth Ave., 248 Ga. App. 836

Chief Judge Blackburn:

This court is troubled by the manner in which the Board and Mendola are conducting taxpayer audits. The record reflects that Mendola has contracts with 26 Georgia taxing authorities, plus other governmental entities, and conducts approximately 3,000 audits per year for taxing authorities performed by 25 employees. It is clear from the record in this case that the Board maintains no supervision over Mendola in the performance of its audits or in the handling of taxpayer's documents. Mendola maintains Board stationery and subpoenas of the Board and of 31 other Georgia counties. The chairperson of the Fulton County Board of Assessors was not even aware that Mendola was conducting audits for the Board until he showed up at a Board meeting a few months before her deposition. In her deposition, the chairperson testified as follows:

Q. By appellee's attorney What is your understanding of what Mendola is supposed to do?

A. I don't really know. I haven't read the contract.

Q. As chairperson, do you not have a general understanding of what --.

A. I did not sign the contract. I was not a party to that contract. I was not involved with procuring those services. I'm not familiar with the scope of services.

Deposition of Chairperson Pamela Smith, p. 13, lines 10-19.

Q. Based on your testimony, I am going to assume that you don't have any idea of what Mr. Mendola actually does when he does an audit for the County.

A. No, I don't.

Q. Do you know if the Fulton County Board of Tax Assessors has actually given him its letterhead to write letters on?

A. I don't know that for sure.

Q. Do you know if when he does an audit for the Board, if he's the taxpayer's primary contact with the Board?

A. I don't know.

Deposition of Chairperson Smith, p. 17, lines 17-25, and p. 18, lines 1-3.

Q. Do you know what kind of supervision the Board maintains over Mr. Mendola when he's doing an audit?

A. No.

Q. Do you know if it maintains any supervision over Mr. Mendola when he does an Audit? . . .

A. No, I don't know.

Deposition of Chairperson Pamela Smith, p. 18, lines 19-25, and p. 19, lines 1-2.

The chairperson testified that she had not seen a single report that had been prepared by Mendola.

The chairperson was unaware of any safeguards the Board takes to protect the confidentiality of taxpayer records. She testified as follows:

Q. Do you know if the Board of Tax Assessors takes any steps to preserve the confidentiality of any records a taxpayer produces?

A. I don't know.

Q. You don't know of any policies that the Board has in place?

A. I'm not aware, huh-uh.

Q. So you don't know if the Board prohibits an outside auditor from making copies, from distributing them to other people? You just don't have any idea?

A. I have no idea.

Deposition of Chairperson Smith, p. 30, lines 2-12.

The Board acknowledges that it has no control over what Mendola does with the taxpayer's documents it receives. Documents and subpoenas prepared by Mendola are perfunctorily signed by the chairperson without meaningful inquiry. She testified:

Q. Did you ask any questions when they presented the subpoena to you about what it was for?

A. Uh-huh.

Q. What did you ask?

A. What was it for?

Q. What did they tell you?

A. Subpoena for the production of evidence.

Q. Did you ask why it was necessary?

A. No.

Q. Did you ask what documents they wanted?

A. No.

Q. Did you ask if the taxpayer made any objection to producing the stuff? . . .

A. No.

Q. Were you told that?
A. No.

Deposition of Chairperson Smith, p. 20, line 25, and p. 21, lines 1-17.

After the account has been selected for an audit, notification must be provided to the owner.

(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.

Notification Letter Sample

«Date»

Audit Notice to Property Owner

«Title» «First_Name» «Last_Name»
«Company_Name»
«Address_Line_1»
«Address_Line_2»
«City», «State» «ZIP_Code»

Dear «Title» «Last_Name»:

This letter is to inform you that the [County Name] Business Personal Property Tax Returns for «Company_Name» («Account_») have been selected for audit by the [County Name] Board of Tax Assessors for the year(s) «Years_To_Be_Audited» in accordance with O.C.G.A. 48-5-299.

The purpose of this audit is to gather information that will allow [County Name] to make an accurate determination of the fair market value of the property owned by «Company_Name» and subject to taxation. This desk audit will consist of an examination of your records in order to make an independent determination of the fair market value of such property where such determination does not solely depend upon good-faith disclosures and information that is readily ascertainable by the appraisal staff. The [County Name] Board of Tax Assessors requests your prompt compliance in providing the requested information so that the audit can be brought to a timely conclusion.

The audit will include reconciliation between the cost listed on the personal property tax return and the cost identified in the financial records of the business. The audit may also include a review of the applicable items listed on the Attachment I enclosed with this letter. Please provide the applicable financial records to our office as soon as possible. Electronic documents may be submitted. When providing electronic documents, we request that the Fixed Asset listing be in an Excel format when possible. In addition, a physical inspection of your [County Name] operations may be required.

The [County Name] Board of Tax Assessors has designated the undersigned as the Lead Appraiser for this audit. Please forward your initial electronic documents and/or communication to [Lead Appraiser Contact Information]. [Lead Appraiser Name], our [County Name] Personal Property Auditor, will be your main point of contact during the audit process. We will expedite all efforts to ensure that the audit is completed promptly and with as little interruption to your business as possible.

Thank you in advance for your cooperation. Please do not hesitate to contact this office if you have any questions about this program.

Sincerely,
Personal Property Division Manager
Attachment

Notification Letter Attachment Sample

Attachment I

Records Request for Personal Property Tax Return Reviews

Please note that the Business Personal Property Tax Return is based on records as of December 31 of the previous year. EXAMPLE: A 2014 return utilizes account balances as of December 31, 2013.

If records are based on a fiscal year end other than December 31 items 1b, 1c and 1d below may be represented as of the company's fiscal year end. Items 1f and 1g should reflect account balances as of December 31 for each year under audit.

1. Copies of the following documents as of December 31, 2013, 2012, 2011 and 2010, if applicable:

   a. Chart of accounts
   b. Fixed asset listing for each year, including each years book depreciation expense (Book Depreciation Schedule)
   c. Financial statements (Detailed Balance Sheet, Detailed Income Statement with footnotes)
   d. Lease agreements in effect for all personal property and the physical location
   e. Detailed Trial Balance which reflects the ending account balances for the audit location.
   f. Listing of any consigned inventory or any other inventory stored and owned by someone other than the company
   g. Summary listing of costed inventory as of December 31, 2013, 2012, 2011 and 2010.

2. At your option and for your convenience, you may submit copies of the documents listed below from your federal and state income tax returns. Since these documents summarize information we will definitely need, they will expedite our review of your records and may minimize the accounting records you would otherwise have to produce. Submitting income tax returns is voluntary on your part, however, as Georgia Law does not permit the Board of Assessors to compel the submission of such returns. Your decision not to submit such returns will not jeopardize your entitlement to a fair audit.

   a. Copy of your Georgia Corporate Income Tax Return (Form 600) with supporting schedules for the Apportionment Schedule contained on page 2 for the year(s) 2013, 2012, 2011 and 2010.
   b. Complete copy of your Corporate Federal Income Tax Returns including Depreciation Schedules and Attachments for the year(s) 2013, 2012, 2011 and 2010.

When the appraisal staff does not have the property owner's full cooperation the use of subpoena power may be necessary.

BOARD OF TAX ASSESSORS

For _____County, Georgia

Subpoena

To:

You are hereby commanded, that laying all other business aside, you be and appear at the Office of the _____ County Board of Tax Assessors, Room ____ _____ Building, _____, Georgia, on The _____ day of _____ 20 ____ at _____ _____ O'clock for the purpose of attending a hearing convened at said in Connection with the Board's investigation of the tax liability of _____ _____ for the tax years _____.

Should you fail to appear at the aforesaid time and place without legal excuse, you shall be guilty of contempt and shall be cited by the board of Tax Assessors to appear before a judge of the Superior Court of _____County, Georgia.

You are hereby commanded to bring with you and to produce at the aforesaid time and place those documents and things listed and/or described below and made part hereof by reference.

_____
_____
_____
_____

Copies of all subpoenaed documents will be made during said hearing and will become a part of the taxpayer's assessment file. All subpoenaed documents will be considered confidential and will not be open for public inspection.

If you prefer that no hearing be held, you will submit to this office copies of those documents and things listed one business day prior to the scheduled hearing date, then the hearing will be cancelled, and it will not be necessary for you to appear.

This Subpoena is being listed pursuant to Georgia Code Annotated 48-5-300. This ____ _____ day of _____, 20 _____ _____ County Board of Tax Assessors.

By: _____

(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.

JUDICIAL DECISION

Fulton County Bd. of Assessors v. Saks Fifth Ave., 248 Ga. App. 836 (2001)

PROCEDURAL POSTURE: Appellant's agent, auditing appellee's tax returns, did not agree to keep appellee's information confidential. Appellee did not honor appellant's subpoena. Appellee sought a protective order, in the Fulton County Superior Court (Georgia), and appellant issued a contempt citation. The trial court did not hold appellee in contempt and granted the protective order. Appellant sought review.

OVERVIEW: 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.

OUTCOME: 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.

Presley v. Payne, 163 Ga. App. 89, 294 S.E.2d 199 (1982)

Application for contempt brought against taxpayer under subsection (b) was properly denied where not hearing was scheduled in which taxpayer was required to appear but county board of tax assessors merely sought examination of certain documents pursuant to investigation of tax liability for particular year.

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.

IN THE SUPERIOR COURT OF MILLER COUNTY,

STATE OF GEORGIA

MILLER COUNTY BOARD OF TAX ASSESSORS,	*	
	*	
Plaintiff		
vs.	*	CIVIL ACTION NO. 2012-V-083
LANES PHARMACY-DME, INC., PHILLIPS AUTO PARTS, INC., JOHN B. GRANT dba AUTO IMAGES	*	
PAINT & COLLISION, VICKIE WHITTAKER dba BLOOMING	*	
BUSINESS, YATES CONCRETE PRODUCTS, INC.,and COLQUITT	*	
FUNERAL HOME,INC.,		
	*	
Respondents		
	*	

O R D E R

The above and foregoing case having come on for hearing before the Court, pursuant to rule nisi issued by the Court, and with direction that Respondents show cause before the Court on the 1st day of June, 2012, why they should not be held in contempt of court, pursuant to O.C.G.A. §48-5-300(b), for failing to provide documents and information subpoenaed by the Miller County Board of Tax Assessors; and

After hearing the evidence, the Court makes the following findings:

FINDINGS

1.

All Respondents herein have been served with summons and notice of this hearing and all Respondents appeared.

2.

Each of the Respondents were served with subpoena issued in the name of the Board of Tax Assessors, Miller County, which subpoena was properly signed by the Board and which subpoena gave to Respondents more than five (5) days, before the day upon which the Board scheduled the day which Respondent was to produce said documents. The principal shareholder for Lanes Pharmacy is Larry Lane; Phillips Auto Parts - Maston O. Phillips; Yates Concrete - W. C. Yates; and Colquitt Funeral Home - Danny Sheffield.

3.

All Respondents were served with a subpoena to produce:

(a) Complete trial balances from their General Ledger as of 12/31/07, 12/31/08, 12/31/09, and 12/31/10 and, if available, profit and loss statements for their business;

(b) Depreciation schedules or asset listings for the years 2007, 2008, 2009, and 2010;

(c) Any audited financials for the same time period; and

(d) Any leases for equipment for the same time period.

4.

The Respondents failed or refused either to appear or produce the above identified documents and none of the Respondents has presented a legal excuse which would relieve Respondents of the obligation to produce such documents to the Board of Tax Assessors.

THEREFORE, based on the above and foregoing facts, and pursuant to the authority of East Gas, Inc., et al. v. Johnson County Board of Tax Assessors, 264 Ga. App. 316, the Court finds that each of the Respondents or their principal shareholders are in contempt of this Court, pursuant to the above said statute, and Respondents can purge themselves of this contempt by producing said documents to the Miller County Board of Tax Assessors, within ten (10) days of the date of this Order. If Respondents fail and refuse to provide said documents within the time provided, then the Sheriff of Miller County, Georgia, is ordered and directed to arrest said Respondents and hold them in the Miller County Jail until Respondents provide said documents and pay the sum of $250.00 each for the costs, fees, and

expenses of the Miller County Board of Tax Assessors in having to bring this proceeding.

SO ORDERED, this 1st day of October, 2012.

JOE C. BISHOP
JUDGE OF THE SUPERIOR COURT
MILLER COUNTY, GEORGIA
PATAULA JUDICIAL CIRCUIT

THIS DOCUMENT PREPARED BY:

J~~ames~~ G. Bowles~~, III~~
Attorney at Law
P.O. Drawer 99
Cuthbert, Georgia 39840
(229) 732-2222
bowles3@windstream.net

CERTIFICATE OF SERVICE

This is to certify that a true copy of the within order has been served upon the Defendants by mailing a true copy of the same to Ryan C. Cleveland, Attorney at Law, 113 W. Water Street, Bainbridge, Georgia 39817 by depositing the same in the United States mail with sufficient postage attached.

This the 22nd day of October, 2012.

JESSE G. BOWLES, III
Attorney for Plaintiff

Ms. Deborah Pearce
Clerk, Miller County Commissioners
179 South Cuthbert Street
Colquitt, GA 39837

Ms. Tammy Ivy
Tax Assessor
111 North First Street
Colquitt, GA 39837

RE: Board of Tax Assessors - Contempt Action

Dear Deborah and Tammy:

Enclosed please find order ruling in favor of the Assessor. I am sending this to counsel for the taxpayers in hopes that he will get his clients to comply. If they do not comply within 10 days of the filing date, the order and notice of noncompliance should be delivered to the Sheriff. If there are any questions, please let me know.

Sincerely Yours,

JESSE G. BOWLES, III

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.

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.

Manufacturing Business

10000 Assets 11000 Cash Accounts 12000 Inventory 13000 Accounts Receivable 15100 Office Equipment (OE) 15200 Accumulated Depreciation – OE 17000 Land	**40000 Revenues** 41000 Sales 41200 Gains on Assets Sales
20000 Liabilities 21000 Credit Cards 21100 Gas 23000 Accounts Payable	**50000 Cost of Goods Sold** 55000 Materials & Supplies
30000 Equity 31000 Paid in Capital	**60000 Expenses** 61000 Advertising 61200 Car & Truck Expense 61300 Commissions Paid 61500 Depreciation Expense 61600 Loss on Asset Sales

Service Business

Assets (100-199) 111 Cash 112 Accounts Receivable 113 Office Supplies 116 Office Equipment 117 Office Furniture 118 Leasehold Improvements	**Revenue (400-499)** 411 Service Revenue
Liabilities (200-299) 211 Accounts Payable	**Expenses (500-599)** 511 Rent Expense 512 Repairs Expense
Owner's Equity (300-399) 311 Owner's Capital 312 Owner's Drawing	

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.

	Date		Account Title	P.R.	Debit					Credit					
1	2014 Dec	1	Rent Expense	512		9	5	0	00						1
2			Cash	111							9	5	0	00	2
3			Paid office rent for month.												3
4															4
5		2	Office Equipment	117	6	0	0	0	00						5
6			Accounts Payable	211						6	0	0	0	00	6
7			Purchased office equipment												7
8			on account.												8
9		4	Office Supplies	112		6	0	0	00						9
10			Accounts Payable	211							6	0	0	00	10
11			Purchased office supplies												11
12			on account.												12
13		6	Medical Supplies	113	1	2	0	0	00						13
14			Cash	111						1	2	0	0	00	14
15			Paid cash for medical supplies.												15
16		7	Laboratory Fees Expense	514		2	6	5	00						16
17			Cash	111							2	6	5	00	17
18			Paid cash for lab analysis.												18
19		9	Salary Expense	511	1	5	0	0	00						19
20			Cash	111						1	5	0	0	00	20
21			Paid salaries of employees.												21

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.

ACCOUNT *Cash* ACCOUNT NO. 111

DATE		ITEM	P.R.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
2014 Dec.	1	Balance	√			10 0 0 0 00	
	1		GJ17		9 5 0 00	9 0 5 0 00	
	6		GJ17		1 2 0 0 00	7 8 5 0 00	
	7		GJ17		2 6 5 00	7 5 8 5 00	
	9		GJ17		1 5 0 0 00	6 0 8 5 00	
	11		GJ17		2 0 0 0 00	4 0 8 5 00	
	12		GJ17		3 0 0 00	3 7 8 5 00	
	21		GJ18		2 3 5 00	3 5 5 0 00	
	25		GJ18		3 *4* 5 00	3 2 0 5 00	
	28		GJ18		2 2 *0* 0 00	1 0 0 5 00	
	29		GJ18		*5* 0 00	9 5 5 00	
	29		GJ18		*9* 0 00	8 6 5 00	
	30		GJ18	9 5 6 0 00		10 4 2 5 00	
	30		GJ18		1 5 *8* 0 00	8 8 4 5 00	
	30		GJ18		1 9 0 00	8 6 5 5 00	

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.

Ming Manufacturing Company Balance Sheet December 31, 2014			
Assets			
Current Assets			
Cash		$18,200	
Accounts Receivable	$66,100		
Less allowance for doubtful accounts	$1,500	$64,600	
Finished Goods		$91,000	
Work in process		$65,800	
Direct materials		$58,725	
Factory supplies		$1,800	
Prepaid insurance		$1,259	
Total Current Assets			**$301,384**
Non-current Assets			
Land		$50,000	
Buildings	$240,000		
Less Accumulated Depreciation	$36,000	$204,000	
Factory Equipment	$446,000		
Less Accumulated Depreciation	$133,809	$312,191	
Total Non-current Assets			**$566,191**
Total Assets			**$867,575**
Liabilities			
Accounts Payable		$45,600	
Wages and Salaries Payable		$5,450	
Income Tax Payable		$13,200	
Total Liabilities			**$64,250**
Stockholders' Equity			
Common stock, $10 par		$200,000	
Retained earnings		$603,325	
Total stockholders' equity			$803,325
Total liabilities and stockholder's equity			**$867,575**

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.

ABC Company Income Statement For the Month Ended December 31, 2014		
Fees earned		$7,500
Operating expenses:		
Wage expense	$2,125	
Rent expense	800	
Supplies expense	800	
Utilities expense	450	
Miscellaneous expense	275	
Total operating expenses		$4,450
Net income		$3,050

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

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-K

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013.**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.**

Commission file number 001-34874

Coca-Cola Enterprises, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-2197395**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

2500 Windy Ridge Parkway, Atlanta, Georgia 30339
(Address of principal executive offices, including zip code)
(678) 260-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	New York Stock Exchange (NYSE), NYSE Euronext Paris

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Act. (Check one)

Large accelerated filer ☑	Accelerated filer ☐
Nonaccelerated filer ☐	Smaller reporting company ☐
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 28, 2013 (assuming, for the sole purpose of this calculation, that all directors and executive officers of the registrant are "affiliates") was $9,336,470,064 (based on the closing sale price of the registrant's common stock as reported on the New York Stock Exchange).

The number of shares outstanding of the registrant's common stock as of January 24, 2014 was 255,546,081.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareowners to be held on April 22, 2014 are incorporated by reference in Part III.

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.

Who are appropriate tax administrators?

1.

2.

3.

4.

5.

6.

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.

JUDICIAL DECISION

ECKERD CORPORATION v. FAYETTE COUNTY BOARD OF TAX ASSESSORS.
A95A2598.
COURT OF APPEALS OF GEORGIA
220 Ga. App. 454; 469 S.E.2d 285; 1996 Ga. App. LEXIS 111; 96 Fulton County D. Rep. 639
February 8, 1996, Decided

BLACKBURN, Judge.

The Eckerd Corporation appeals the order of the trial court finding it in contempt of court, and, as punishment, directing it to pay the sum of $ 750 to the Fayette County Board of Tax Assessors (Board) for failure to produce certain tax records in accordance with a Board subpoena issued pursuant to O.C.G.A. § 48-5-300 (a).

The record reflects that the Board subpoenaed Eckerd's 1992 through 1994 personal property tax returns. Eckerd refused to release such records in the absence of the Board's assurances that they would not be made available to Mendola & Associates, a company under contract to the Board to audit such taxpayers as designated by the Board and also under contract to provide similar services to other county tax assessors. Upon Eckerd's refusal to comply with the subpoena unconditionally, the Board voted unanimously to require Eckerd to appear before the trial court to show cause why it should not be punished for contempt.

1. Eckerd contends that the Board's subpoena is improper as an audit for the purpose of assessing additional personal property taxes against it. We disagree.

It is well-settled that tax assessors may assess unreturned tangible property for ad valorem tax purposes during the applicable seven-year period of limitation. *Ga. R. &c. Co. v. Wright*,

124 Ga. 596, 599 (53 S.E. 251) (1905); *Suttles v. Dickey*, 192 Ga. 382, 383 (15 S.E.2d 445) (1941); *Garr v. E. W. Banks Co.*, 206 Ga. 831, 832 (59 S.E.2d 400) (1950); and see generally Op. Atty. Gen. U87-13. In this regard, O.C.G.A. § 48-5-299 (a) pertinently provides that it is "the duty of the county board of tax assessors to . . . ascertain[] what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation." It further provides that "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." O.C.G.A. § 48-5-305 (a), in turn, authorizes county boards of tax assessors to determine the manner of ascertaining the assessment of any real or personal property not appearing in the digest for any time within the period of limitation. As the proposed audit is directed not at reassessing property already valued, and upon which taxes have already been paid, but rather is directed at the discovery of property, if any, which has not been returned and upon which taxes have not been paid, it is a proper means of determining unreturned property tax liability at any time within the applicable seven-year period of limitation. Accordingly, we deem this enumeration of error to be without merit.

2. Eckerd further enumerates that the trial court erred by finding that the Board properly contracted Mendola to provide it audit services. In this regard, Eckerd argues that having Mendola audit its personal property was an impermissible delegation of the Board's assessment duty found in O.C.G.A. § 48-5-298 (a) and improper as violative of its right to confidentiality under O.C.G.A. § 48-5-314 in that Mendola was under contract to provide similar services to other county boards of tax assessors.

The Supreme Court of Georgia has held that O.C.G.A. § 48-5-298 (a) (3) "expressly allows the Board . . . to contract with entities, such as [Mendola], to 'search out and appraise unreturned properties in the county.'" *Sears, Roebuck & Co. v. Parsons*, 260 Ga. 824, 825 (401 S.E.2d 4) (1991). The Board properly contracted for Mendola's services in order to aid it in discovering unreturned and untaxed property, not to aid it in further taxing property already assessed. Division 1, supra. No delegation of the Board's duty to require the proper return of personal property for taxation is indicated in the record. There being no delegation of the Board's authority and audit services having been properly contracted, the claim that the Board impermissibly delegated its authority cannot stand.

Eckerd's confidentiality argument is flawed as well. O.C.G.A. § 48-5-314 (a) (1) allows personnel authorized by appropriate tax administrators to access materials otherwise protected as confidential thereunder. **It is settled that boards of tax assessors have authority to contract for audit services.** O.C.G.A. § 48-5-298 (a) (3); *Sears, Roebuck*, supra. It necessarily follows that to enter into such a contract "authorizes" the contractor access to confidential materials essential to the performance of the contract. Significant as well, the Board's authority to contract for services in O.C.G.A. § 48-5-298 (a) is not restricted to persons or entities not otherwise under contract to provide such services. In this regard, O.C.G.A. § 48-5-298 (b) permits county boards of tax assessors to enter into

contracts "with any municipality or political subdivision of the state to provide any information for which the board could contract pursuant to subsection (a)" thereof. Further, while O.C.G.A. § 48-5-314 (a) (1) allows authorized personnel access to confidential materials, subsection (b) makes the disclosure of confidential materials to unauthorized persons subject to a civil penalty not to exceed $ 1,000. Thus, in the absence of Mendola's disclosure of confidential materials to unauthorized persons, no breach of the duty of confidentiality arises. Such a claim is not before us. Accordingly, we deem this enumeration of error to be without merit.

3. Eckerd last contends that the trial court erred by awarding the Board attorney fees in that such fees are impermissible as punishment for contempt.

It is uncontroverted in the record that the trial court found Eckerd in contempt of court for failure to comply with the Board's subpoena and punished the contempt by its order directing Eckerd to pay the Board its attorney fees of $ 750. Attorney fees are not authorized by law for contempt. O.C.G.A. § 15-6-8; *Ragsdale v. Bryan*, 235 Ga. 58, 59 (218 S.E.2d 809) (1975); *Carter v. Carter*, 241 Ga. 335, 336 (245 S.E.2d 292) (1978). We conclude that the trial court did not err in holding Eckerd in contempt, but did err in imposing attorney fees as punishment therefor. Accordingly, we affirm the judgment with direction that the amount awarded as attorney fees be stricken. *Ragsdale*, supra.

Judgment affirmed with direction. Beasley, C. J., Birdsong, P. J., Pope, P. J., Andrews, Johnson, Smith and Ruffin, JJ., concur. McMurray, P. J., dissents.

As previously discussed, subpoena powers maybe necessary to obtain the owners financial records and auditors contracted by a county must adhere to confidentiality provisions.

JUDICIAL DECISION

BLACKBURN, Chief Judge.

The Fulton County Board of Assessors (Board) appeals the trial court's grant of Saks Fifth Avenue, Inc.'s (Saks) motion for a protective order in connection with a personal property tax audit of its Fulton County location for tax years 1995 through 1998. The order allowed Saks to withhold confidential documents subpoenaed by the Board until such time as Mendola & Associates, LLC (Mendola), the private accounting firm hired by the Board to conduct the audit, entered into a confidentiality agreement concerning such documents with Saks.

In seven enumerations of error, the Board raises the following three arguments: (1) The trial court erred in granting Saks' motion for protective order because the confidentiality of the subpoenaed documents is protected under O.C.G.A. § 48-5-314, under the employment contract between Mendola and Fulton County, and by Mendola's responsibilities as a certified public accounting firm; (2) The trial court erred in finding both that Saks was not in contempt for failure to honor the Board's O.C.G.A. § 48-5-300 subpoena and that Saks' fear of disclosure of the confidential documents to third parties constituted a legal excuse which relieved it from complying with the subpoena; and (3) The trial court erred in failing to follow *Wal-Mart Stores v. Bd. of Tax Assessors of Fayette County* [1] and in ignoring the public policy implications of its ruling.

These issues turn on the underlying question of the authority of the Board to require the production of a taxpayer's confidential documents for investigative purposes. Also in question is the Board's right to seek contempt sanctions as a result of Saks' failure to honor the subject subpoena under the facts herein and the general authority of the trial court to issue a protective order. For the reasons set forth below, we vacate the trial court's ruling and remand the case for further proceedings consistent with this opinion.

Turning to the facts, Saks, an Alabama corporation, operates a department store in Fulton County, Georgia. In June 1999, the Board notified Saks that it was going to conduct a personal property audit of Saks' personal property tax returns for tax years 1995 through 1998. The Board assigned the audit to Mendola, an accounting firm with whom it had a contract to conduct such audits.

The Board is authorized to make such investigation as may be necessary to inquire into real and personal property owned in the county, to determine upon which such property all taxes due the state or the county have not been paid in full. See O.C.G.A. § 48-5-299. The Board is authorized to enter into employment contracts with persons, subject to the approval of the county governing authority, to assist the Board in the mapping, platting, cataloging, indexing, and appraising of taxable properties in the county; to make, subject to

the approval of the Board, reevaluations of taxable property in the county; and to search out and appraise unreturned properties in the county. See O.C.G.A. § 48-5-298. In *Eckerd Corp. v. Fayette County Bd. of Tax Assessors*, [2] this court, relying upon our Supreme Court's holding in *Sears, Roebuck & Co. v. Parsons*, [3] affirmed the right of the board of tax assessors to contract for third-party services pursuant to O.C.G.A. § 48-5-298 .

In conducting the audit, Mendola requested that Saks produce certain financial and proprietary information or copies thereof. We note that Mendola, when acting as the agent of the Board, has no greater authority than the law provides to the Board. Saks responded that it would do so only if Mendola would sign a confidentiality agreement to protect the information. Saks sought agreement by Mendola that it would not disclose any information obtained by Mendola from it to any third parties and that Mendola would not use such information for any purposes other than conducting the subject audit, which conduct is prohibited by statute. Saks also requested that the Board and Mendola would return to Saks all information provided by it once the audit was completed. While this document return is not specifically required by statute, any other use of such documents or disclosure to third parties would be a violation of the law. Mendola refused to sign the agreement and insisted that Saks produce the documents although it had no lawful authority to do so.

Because Saks would not turn over the proprietary documents Mendola wished to review, the Board then served Saks with a subpoena, pursuant to O.C.G.A. § 48-5-300 (a) (1), in the nature of a discovery vehicle, for the production of the documents which Mendola wished to review in connection with Fulton County personal property account no. 0015407 and what the subpoena described simply as "a matter there pending."

No on-premise review of documents had been attempted at that time, and no claim has been made by the Board evidenced through the record of this appeal of any failure of Saks to report property or to pay taxes. There was no hearing scheduled at 9:00 a.m. on October 14, 1999, the time the production of the proprietary documents was required at the Fulton County Board of Assessors' Office, 141 Pryor Street, S.W., Suite 1047, Atlanta, Georgia 30303, under the subpoena. This was the only location at which the taxpayer could be required to produce any lawfully required documents.

It is clear that no hearing was in fact scheduled in connection with the subject subpoena. The subpoena refers to no hearing, and the record contains no notice to the taxpayer of the claims of the Board as to taxes owed or laws violated, the subject matter of the hearing, or the date thereof. The due process clauses of U. S. Const., Amend. XIV, and Ga. Const. 1976, Art. I, Sec. I, Par. I (see Ga. Const. 1983, Art. I, Sec. I, Par. I) require notice and a hearing by an administrative agency before any action may be taken which affects a citizen's constitutional or property rights, even though the Act granting the right to the Board provides for an appeal to the superior court. 1958-59 *Op. Atty. Gen.,* p. 1.

The Board has only that authority provided by law to access a taxpayer's confidential business records in the conduct of its on-premise investigative audit pursuant to O.C.G.A. § 48-5-299 or to subpoena those records authorized by O.C.G.A. § 48-5-300 to any lawfully

scheduled hearing, meeting the requirements of due process. The Board has no statutory authority to issue subpoenas for discovery purposes in connection with tax audits pursuant to O.C.G.A. § 48-5-299 or to require a taxpayer to produce copies of such records for the use of the Board, except by subpoena to a lawfully scheduled hearing. A taxpayer is free to voluntarily provide copies of its records in the manner requested by the Board if it wishes to do so; however, the Board is not authorized to require the wholesale production of copies of a taxpayer's documents for the purpose of an off-premise fishing expedition into the affairs of the taxpayer. Discovery under the Civil Practice Act does not apply to a proceeding under the Administrative Procedure Act and is not otherwise authorized by law in this matter. See *Hewes v. Cooler*; *Ga. State Bd. of Dental Examiners v. Daniels*.

The Board's authority to require production of documents by a taxpayer, other than the on-premise inspection of records it is lawfully authorized to conduct pursuant to O.C.G.A. § 48-5-299, is limited to the production of documents pursuant to O.C.G.A. § 48-5-300, which provides:

(a)(1) Except as otherwise provided in paragraph (2) of this subsection, the county board of tax assessors may issue subpoenas for the attendance of witnesses and may subpoena of any person any books, papers, or documents which may contain any information material to any question relative to the existence or liability of property subject to taxation or to the identity of the owner of property liable to taxation or relevant to other matters necessary to the proper assessment of taxes lawfully due the state or county. Such subpoenas may be issued in the name of the board, shall be signed by any one or more members of the board or by the secretary of the board, and shall be served upon a taxpayer or witness or any party required to produce documents or records five days before the day upon which any hearing by the board is scheduled at which the attendance of the party or witness or the production of such documents is required. (2) The authority provided for in paragraph (1) of this subsection shall not apply to the following documents or records: (A) Any income tax records or returns; (B) Any property appraisals prior to the appeal process; (C) All insurance policies; or (D) Any individual tenant sales information. (b) If any witness subpoenaed by any county board of tax assessors fails or refuses to appear, fails or refuses to answer questions propounded, or fails or refuses to produce any books, papers, or documents required to be produced by an order of the board, except upon a legal excuse which would relieve the witness of the obligation to attend as a witness or to produce such documents before the superior court if lawfully required to do so, the person so failing or refusing shall be guilty of contempt and shall be cited by the board to appear before a judge of the superior court of the county. The judge of the superior court of the county shall have the same power and jurisdiction to punish the person failing or refusing to comply with the order for contempt and to require and compel the giving of the testimony or the production of the books and records as in cases of contempt committed in the presence of the court and as in cases pending in the court.

The Board's use or possession of a taxpayer's personal, confidential records is limited to that use which is authorized during the period of the audit and any hearing or appeal thereafter or in connection with the collection of taxes deemed to be owed by such taxpayer.

The Board is entitled to retain only those copies of the taxpayer's records as provided by

law. Any other use of the taxpayer's personal, confidential records or the disclosure to third parties is prohibited by law. O.C.G.A. § 48-5-314 provides inter alia:

(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. . . . (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.

Following the issuance of the subpoena, Saks filed a complaint against the Board in Fulton Superior Court, requesting a temporary restraining order and interlocutory and permanent injunctive relief, until such time as the Board and Mendola, or any other accounting firm that the Board may appoint, agreed to provide minimal protection of its proprietary documents.

The Board then issued a contempt citation, pursuant to O.C.G.A. § 48-5-300, for failure to produce the requested records. Saks thereafter filed a motion to quash the subpoena and a motion for protective order in the alternative to granting plaintiff's motion for a temporary restraining order.

After holding a hearing, the trial court refused to hold Saks in contempt and granted its motion for a protective order until such time as the parties can agree on a method which will protect Saks' confidential business records from disclosure. The court reasoned that while O.C.G.A. § 48-5-314 (a) (1) obligated the Board not to disclose any of the confidential records obtained during an audit, it was not certain that this Code section applied to third parties, such as Mendola.

This issue was resolved in *Eckerd*, 220 Ga. App. at 455-456. In that case, Eckerd appealed the trial court's order finding it in contempt of court for failing to comply with the Board's subpoena. Eckerd argued, inter alia, that the contract with Mendola violated its right to confidentiality under O.C.G.A. § 48-5-314. We held therein that as O.C.G.A. § 48-5-314 (a) (1) allows personnel authorized by appropriate tax administrators to access materials otherwise protected as confidential thereunder and that boards are authorized to contract for audit services under O.C.G.A. § 48-5-298, it necessarily follows that to enter into such a contract "authorizes" the contractor to access the confidential materials essential to the

performance of the contract. While no disclosure was at issue in *Eckerd*, we noted therein that O.C.G.A. § 48-5-314 (b) makes the disclosure of confidential materials to unauthorized persons subject to a civil penalty not to exceed $ 1,000. Mendola is bound by O.C.G.A. § 48-5-314 (a) (1).

The Board argues that the trial court erred in granting a protective order to Saks because confidentiality is protected under O.C.G.A. § 48-5-314, the employment contract between Mendola and Fulton County protects Saks, and it is further protected by Mendola's ethical responsibilities as a CPA.

It is patently obvious that professionals are not immune from being the subject of appropriate protective orders because of the fact that they may be bound by professional standards. We note also that there is no client relationship between Mendola and Saks, and the record contains no documentation of the standards the Board contends protects Saks. This argument is without merit.

Similarly, the contract between Mendola and Fulton County provides no protection to Saks which was not a party to the contract. We note that the Board raises this issue for the first time on appeal; however, we will exercise our discretion and address the matter. Saks was clearly not a third-party beneficiary under the subject contract, and it did not know of its existence until litigation was initiated. The contract expressly provides for the indemnification of th Board by Mendola, but does not address third-party damages. The intent of the contract as a whole must be considered, and it is difficult to conceive how a contract between the Board and an auditor could be construed to be for the benefit of the taxpayer. See *American Fletcher Mtg. Co. v. First American Investment Corp.* [6] This argument is without merit.

While the Board is correct that the confidentiality requirements of O.C.G.A. § 48-5-314 are applicable to Mendola, its contention that this fact precludes the trial court from granting a protective order to Saks is erroneous. While the trial court is barred from issuing a protective order which violates statutory law, such as O.C.G.A. § 48-5-314, it has full authority under O.C.G.A. § 23-4-31 to mold its decrees to meet the demands of each situation it faces. The trial court's determination as to the issuance of a protective order is a matter of the judge's discretion.

We therefore review a trial court's grant of a motion for a protective order for abuse of discretion. *Clayton County Bd. of Tax Assessors v. Lake Spivey Golf Club.* [7] Absent an abuse of discretion, this court will affirm the actions of the trial court. See *Torok v. Mize*.

Here, the trial court erred in issuing its protective order until such time as the parties entered into a confidentiality agreement. The trial court does have full authority, however, to determine what restrictions and limitations are appropriate under the circumstances so long as its ruling does not conflict with the rights of the parties under applicable law. This court affirmed the trial court's ruling in *Wal-Mart*, supra prohibiting Mendola from either retaining or making copies of any documents produced by Wal-Mart in that case. Neither

the Board nor its agent has any authority to use the taxpayer's documents for purposes other than those specifically provided by law and are precluded from disclosing such material to third parties. The Board is not authorized to issue subpoenas for discovery purposes or to inappropriately coerce taxpayers into "voluntarily" providing copies of private documents contrary to law either directly or through the acts of its agents. It is within the authority of the court to issue any protective order it deems reasonable and necessary for the protection of the parties, consistent with this opinion. The parties are free of course to enter into an agreement on the terms of any protective order, subject to the approval of the trial court.

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 undervaluations and the true value determined was $300,000. Inventory was assessed at $1,000 and the valued determined from the audit was $7,000.

	EQUIP & 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

(b)(1) In all cases where unreturned property is assessed by the county board of tax assessors after the time provided by law for making tax returns has expired, the board shall add to the amount of state and county taxes due a penalty of 10 percent of the amount of the tax due or, if the principal sum of the tax so assessed is less than $10.00 in amount, a penalty of $1.00. The penalty provided in this subsection shall be collected by the tax collector or the tax commissioner and in all cases shall be paid into the county treasury and shall remain the property of the county.

(2)(A) The provisions of paragraph (1) of this subsection to the contrary notwithstanding, this paragraph shall apply with respect to counties having a population of 600,000 or more according to the United States decennial census of 1970 or any future such census.

(B) In all cases in which unreturned 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.

JUDICIAL DECISION

ECKERD CORPORATION v. COWETA COUNTY BOARD OF TAX ASSESSORS.
A97A1567.
COURT OF APPEALS OF GEORGIA
228 Ga. App. 94; 491 S.E.2d 173; 1997 Ga. App. LEXIS 1045; 97 Fulton County D. Rep. 3074
August 11, 1997, Decided

ELDRIDGE, Judge.

Appellee Coweta County Board of Tax Assessors ("Tax Board") audited appellant Eckerd Corporation's ("Eckerd") ad valorem personal property tax returns for a three-year period, 1992 through 1994. Pursuant to the audit, the Tax Board determined that Eckerd had undervalued its inventory, equipment, furniture, and fixtures in these returns and, subsequently, seeks taxes thereon. Eckerd filed a motion for summary judgment, claiming that it had paid its assessed taxes for the years in dispute and that the Tax Board was attempting to reassess and revalue property for which returns had been filed and the taxes had been paid, which practice is allegedly improper. The Superior Court of Coweta County denied appellant's motion. We granted Eckerd's petition for interlocutory review and now affirm the ruling of the trial court. In so doing, we make clear three specific points regarding our Ad Valorem Tax Code, O.C.G.A. § 48-5-1 et seq., in regard to taxation of tangible personalty.

1. If an audit uncovers a taxpayer's undervaluing of returned personalty for ad valorem tax purposes, the subsequent tax bill covering the shortfall is *not* a reassessment or revaluation of the returned units of property, but a bill for the "default" as to that portion of the personalty not represented through the undervaluation. *Garr v. E. W. Banks Co.*, 206 Ga. 831 (59 S.E.2d 400) (1950); see also *Hardin v. Reynolds*, 189 Ga. 534 (6 S.E.2d 328) (1939); *Fayette County Bd. of Tax Assessors v. Ga. Utilities Co.*, 186 Ga. App. 723, 725 (368 S.E.2d 326) (1988). For example, if 100 bottles of aspirin have a fair market value of $ 100, but the 100 bottles are returned with a value of $ 50, there is a default as to the 50 percent of the aspirin not represented in the returned value. A subsequent audit and tax bill covering the 50 percent undervaluation cannot be considered a "reassessment" or "revaluation," since 50 percent of the value of the inventory was omitted from the return in the first place. See *Garr v. E. W. Banks Co.*, supra at 831 (3); *Hardin v. Reynolds*, supra at 543. [1] As was noted in *Fayette County Bd. of Tax Assessors v. Ga. Utilities Co.*, supra at 725, items of personalty, such as those represented in the contested returns of appellant, are separate from each other and have independent value; thus, the undervaluation of such personalty is an *omission* of those units not represented by the valuation in the return.

The case law upon which appellant relies relating to real property is completely inapplicable procedurally. In fact, the assessment and taxation of tangible personalty and real property are procedural opposites. The failure to recognize the difference in the procedural postures thereof has permitted confusion in this area, thereby generating assertions such as that of the appellant, who argues based upon realty cases that an audit by the Tax Board, the subsequent discovery of an undervaluation on the personal property returns of past years, and the resulting tax bill therefor is the equivalent of a forbidden "reassessment" and "revaluation" by the Tax Board as occurs with real property reassessments. Such is not the case.

Real estate taxation deals with land and the improvements thereon which are considered "one" and cannot be separated so as to have value apart from each other. *Fayette County Bd. of Tax Assessors v. Ga. Utilities Co.*, supra; *Fulton County Bd. of Tax Assessors v. Dean*, 219 Ga. App. 137 (464 S.E.2d 257) (1995). Realty and the improvements thereto are out in the open and may be compared with other properties, the value of which are matters of public record. The tax assessor may use independent information available to actually assess the realty. Due diligence in the inspection of realty reveals any improvements or changes in the fair market value in the real estate market. Accordingly, real property is capable of a fair market valuation by the tax assessor, separate and apart from any tax return. For this reason, realty is yearly appraised and valued *first* by the tax assessor, and a tax bill issues thereon from the tax collector to the taxpayer, who eagerly awaits his yearly assessment. Rules & Regulations of the State of Georgia, Chapter 560-11-3-.17. No return by the taxpayer is necessary, and the payment of the subsequent tax bill is the payment of the *tax assessor's* determination of the realty's fair market value. See O.C.G.A. §§ 48-5-18; 48-5-20. Thereafter, any attempt to tax a previously unreturned or undiscovered improvement to the realty for years past would be a "revaluation" by the tax assessor of the same property after the taxes, as previously assessed and valued by the tax assessor, had been paid in full to the tax collector. *Fayette County Bd. of Tax Assessors v. Ga. Utilities Co.*, supra at 725. Clearly, the equities of this scenario demonstrate that issues of double taxation may arise, since the tax assessor had already passed upon the fair market value of the land. Consequently, this Court has, where land is concerned, precluded a second reassessment when the tax collector's tax bill has been paid in full.

By contrast, however, tangible personal property, such as in the case sub judice, must be valued first by the *taxpayer* in a return. Rules & Regulations of the State of Georgia, Chapter 560-11-3-.18. [2] Obviously, a good faith tax return is required, because, absent an audit, a tax assessor cannot know the nature and extent of a taxpayer's personalty. Such personalty may be moved, hidden, undervalued, or simply not reported. Clearly, an audit cannot be conducted as to every taxpayer, upon every year. Thus, the taxpayer must value his own personal property in his tax return. Thereafter, taxes are assessed by the tax assessor and a tax bill issued by the tax collector based upon the *taxpayer's* good faith valuation in the return. The equities in this scenario are equally clear; if a subsequent audit by the Tax Board uncovers an undervaluation of the personalty contained in the return, in no manner can this audit and assessment be considered a second "revaluation" or "reassessment" as argued by appellant. The Tax Board had not previously passed upon the valuation as contained in the taxpayer's return, as in the case of real property. The difference in the procedural posture in the taxation of personalty and real property must be delineated, and we decline appellant's invitation to blur the distinction.
Appellant's reliance upon Opinion U87-13 of the Attorney General of Georgia, published May 14, 1987, also compels consideration thereof.

In U87-13, an unofficial opinion, the Attorney General reviewed Georgia Ad Valorem Tax Code, O.C.G.A. § 48-5-1 et seq., along with case law, and determined that O.C.G.A. § 48-5-306 "may be used to revalue and assess any property for any tax year in which that property has not already been assessed *in accordance with O.C.G.A. § 48-5-306*. . . . Property that has been returned may only be revalued in accordance with O.C.G.A. § 48-5-306 if the Board has *not previously* rendered a final assessment of that property *pursuant to the same Code section* [O.C.G.A. § 48-5-306]." (Emphasis supplied.) To the extent that the Attorney General's opinion may be read to preclude *two* audits pursuant to O.C.G.A. § 48-5-306 (a) and subsequent reassessments of a personal property tax return for any given year, such opinion is approved. See also Ga. L. 1943, pp. 244-245 (Ga. Code Ann. § 92-6703)

(when Tax Board has already *passed* upon a previous assessment pursuant to audit powers, an additional reassessment is void). To the extent that the Attorney General's opinion may be read to impede a Tax Board's ability to audit, within the statute of limitation, a personal property tax return and to collect additional taxes for any undervaluation of previously returned personal property pursuant to O.C.G.A. §§ 48-5-299 (a) and 48-5-306 (a), such opinion is disapproved for the following reasons.

O.C.G.A. § 48-5-299 (a) empowers the Tax Board to determine the value of "any property upon which for any reason *all* taxes due the state or county have not been paid *in full* . . . [and to] assess against [the taxpayer] the *full* amount of taxes which has accrued and which may not have been paid at any time within the statute of limitations." (Emphasis supplied.) Clearly, the use of the term "paid in full" means that some taxes have been paid, but not "in full." Further, no restriction regarding "returned" or "unreturned" property is placed upon such empowerment under O.C.G.A. § 48-5-299 (a). In the construction of a statute the legislative intent must be determined from a consideration of it as a whole. The construction of language and words used in one part of the statute must be in the light of the legislative intent as found in the statute as a whole; a statute must be read without "reading out" any other part, unless there is a clear reason for doing so. See *Gwinn v. State Ethics Comm.*, 262 Ga. 855, 859-860 (426 S.E.2d 890) (1993); *Bozeman v. Tifton Fed. Sav. &c. Assn.*, 164 Ga. App. 260, 262-263 (297 S.E.2d 49) (1982). To that end, O.C.G.A. § 48-5-299 *(b)* specifically refers to "unreturned" property and attaches a penalty for the failure to return property altogether; the specificity with which subsection (b) is directed at "unreturned" property reinforces the fact that subsection (a) is to draw no such distinction, and that the Tax Board's power to ensure that all taxes are paid in full extends to property that has been returned but undervalued, as well as to property that has not been returned at all.

Moreover, under the statute, the Tax Board's determination that taxes have not been "paid in full" may come at any time within the statute of limitation, which begins at the time of filing. Clearly then, this time frame must encompass those situations wherein the discovery of an undervaluation occurs pursuant to an audit conducted years after the personal property tax return has been filed and the taxes have been paid. See, e.g., *Richards v. Zentner*, 176 Ga. 222, 226 (1) (167 S.E. 516) (1933) (notice is applicable for the "raising of the valuation of property for the year in which the returns are made; and for stronger reasons it would seem to be applicable to the raising of returns of property made by a taxpayer for preceding years").

Accordingly, by the plain meaning of its own terms, O.C.G.A. § 48-5-299 (a) empowers the Tax Board to audit, at any time within the statute of limitation, prior personalty tax returns and collect taxes over and above those that may have been assessed and paid, because the valuation of the personalty by the taxpayer was incorrect, and thus the taxes were not "paid in full."

The mechanism providing the procedural details for such assessment and collection is O.C.G.A. § 48-5-306 (a), which Code section must, of course, be read in pari materia with O.C.G.A. § 48-5-299 (a). O.C.G.A. § 48-5-306 (a) is that portion of the Ad Valorem Tax Code that provides for an audit to be conducted upon personal property tax returns and notice to be given for any resultant changes in such returns if "any taxpayer has *omitted* from his returns any property that should be returned *or* has failed to return any of his property *at its fair market value*." (Emphasis supplied.) This audit may take place "at any time" within the statute of limitation. O.C.G.A. §§ 48-5-299 (a); 48-5-306 (a). Clearly, by

its plain terms, O.C.G.A. § 48-5-306 (a) permits the Tax Board to audit and make changes to a taxpayer's return with regard to personalty omitted *and* with regard to personalty that has been returned but undervalued.

A perhaps painful, but necessary historical analysis of our Ad Valorem Tax Code will underscore the point that O.C.G.A. §§ 48-5-299 (a) and 48-5-306 (a) were intended to encompass the collection of additional taxes on returns wherein taxes may have been paid in previous years, but the personal property was undervalued by the taxpayer in the return.

An Equalized System of Taxation was created by Ga. L. 1913, p. 123. Our current Code sections O.C.G.A. §§ 48-5-299 (a) and 48-5-306 (a) were, at that time, melded together in Section 6 of Ga. L. 1913, pp. 123, 127, which section specifically provided, inter alia, that "if [the] tax payer has omitted from his returns any property that should be returned or has failed to return any of his property at a just and fair valuation, the said board shall correct such returns." Thus, O.C.G.A. §§ 48-5-299 and 48-5-306 began their codified life together, inseparable in intent and design.

In Ga. L. 1918, p. 232, the General Assembly added an Act to provide for the *collection* of taxes, which Act specifically provided for the collection of taxes "when the owner of property has omitted to return the same for taxation at the time or for the years the return should have been made, or *having returned his property or part of the same, has grossly undervalued the property returned*, or his property has been assessed for taxation at a figure grossly below its true value." (Emphasis supplied.) Such taxes were considered "delinquent," and the legislature contemplated that such collection would encompass additional taxes due from undervaluation in prior years.

In 1933, a new Tax Code was passed; it was amended in 1937. In the caption to the 1937 Act, the General Assembly specified that the Tax Code was to prescribe the examination of tax returns with respect to the assessment for taxation of "all property, including both property which has been returned and unreturned property." Ga. L. 1937, p. 517. The 1933 Code and the 1937 amendment first split apart those principles contained in our current O.C.G.A. §§ 48-5-299 (a) and 48-5-306 (a), in an attempt to emphasize the duties and powers of the Tax Board (O.C.G.A. § 48-5-299 (a)) and the procedures, including notification, to be used when employing those duties and powers (O.C.G.A. § 48-5-306 (a)). See Ga. L. 1937, pp. 519, 520; Ga. Code Ann. §§ 92-6912; 92-6913. In the new Code, the Tax Board was specifically given the power and duty to collect taxes on personal property the "taxpayer has omitted from his returns . . . or has failed to return [at] a just and fair valuation." Ga. L. 1937, p. 519. By 1937, it is safe to assume that business and population increases in this State must have rendered nearly impossible a Board assessment of every personal property return within the same year in which it was filed. Thus, in this Code is introduced for the first time the provision that assessment of a tax return may come at "any time within the statute of limitations," and additional taxes may be assessed "*for any reason* all taxes due to the State or to the county have not been *paid in full*." (Emphasis supplied.) Ga. L. 1937, p. 520. The duties of the Tax Board, presumably stretched to the limit by the time constraints of placing all tax returns upon the books within the statutory tax year, [6] provided that actual assessments of individual personal property returns, as opposed to the acceptance of the taxpayer's valuations therein, be allowed to occur outside the tax year. See *Garr v. E. W. Banks Co.*, 206 Ga. at 832 (time provisions of the Code do not deprive the Tax Board of the authority to perform their duties after the statutory time provision, but within the statute of limitation).

Thereafter, in Ga. L. 1943, pp. 243, 244 (Ga. Code Ann. § 92-6703), the legislature sought to limit the Tax Board's *audit* powers by therein specifically providing "if the County Board of Tax Assessors has *previously passed* upon the assessment of this same property for the years involved, then a *reassessment* of this property heretofore or hereafter made by the Tax Receiver under this chapter, shall be void." (Emphasis supplied.) Cf. Ga. L. 1918, pp. 232-234.

By 1978, our Tax Code was, again, amended "exhaustively and completely." Ga. L. 1978, p. 309. Title 91A was created wherein the General Assembly clarified that its intent was not "to make any substantive change in the revenue laws of this State, except as *expressly* provided for in this Act." (Emphasis supplied.) Id. at 310-311. Thus, Ga. L. 1978, pp. 309, 764-794, § 3 (1), repealed the provisions of Title 92 only to the extent that it was specified in the new Code. However, there was no specific repealer as to those portions of Title 92 which encompassed both Ga. L. 1918, pp. 232-234, regarding the taxing authority's ability to assess and collect taxes upon returns in which property was omitted or undervalued, and the above Code section under Ga. L. 1943, pp. 243-244, limiting audit powers to one reassessment and revaluation for any given tax return. [7] The 1978 Code mirrors our current legislation, with Ga. Code Ann. § 91A-1440 embodying the principles of O.C.G.A. § 48-5-299 (a) and also providing specific penalties for "unreturned" property, as does O.C.G.A. § 48-5-299 (b). Ga. L. 1978, p. 450. Section 91A-1448 encompasses O.C.G.A. § 48-5-306 (a) and, again, permits the collection of taxes "at any time" for those returns in which personal property has been omitted *or* in which a taxpayer has "failed to return any of his property at its fair market value." Ga. L. 1978, p. 454.

Such is the state of the law under our current Tax Code, and this historical perspective demonstrates that the legislature has contemplated that returned but undervalued personal property should be taxable when uncovered by an audit, i.e., when a personalty return is ultimately "passed" upon by the Tax Board within the statute of limitation. Even if the taxes on such personalty had been paid in years past, the taxes were not "paid in full," because of the undervaluation *by the taxpayer*. The Attorney General's Opinion U87-13 is disapproved to the extent it may be read to conflict herein. [8]

In sum, when, within the statute of limitation, an audit uncovers that a taxpayer has undervalued his personalty in a previous year's personal property tax return, the undervalued personalty may be assessed and taxed by the Tax Board. The defaulting taxpayer is in no way permitted to benefit from the undervaluation on the basis urged by appellant before this Court, which argument is, in essence, that collection is prohibited because the undervaluation was not caught before the tax bill was paid. "That [taxes in the full amount] were due five, four, three, and two years ago, and have gone unpaid, is no relaxation of the obligation to pay them. Can it be contended that, because one in [1992 or 1993 undervalued] his taxable property, he is thereby released from his obligation to pay [full] tax thereon[?] . . . These taxes are just as much due now as they were in the year they were incurred." *Ga. R. &c. Co. v. Wright*, 124 Ga. 596, 616 (53 S.E. 251) (1906).

2."All property shall be returned by the taxpayers for taxation to the tax commissioner or tax receiver as provided by law." O.C.G.A. § 48-5-10. Our Tax Code, under O.C.G.A. § 48-5-105.1 (b), provides that all returns of tangible personal property shall be made pursuant to the form or forms adopted by the state tax commissioner. In addition, "each corporation should carefully prepare its return so as to fully and clearly set forth the data called for therein." Rules & Regulations of the State of Georgia, Chapter 560-7-8-.04, p. 263.

The forms for the three-year period at issue herein required that appellant provide a "description" and the "market value" of the personal property of the business and that "expensed as well as depreciable assets should be listed and valued." Appellant did not include such listings and descriptions in its returns, but instead, stamped "See Attached" on the forms and submitted a one-page attachment entitled "Personal Property Tax Filings," which contained the broad categories of: (1) "Inventory Value," and (2) "Furniture & Fixtures, Machinery & Equipment." A numeric value was assigned to each broad category, which number represented appellant's estimate of the fair market value thereof. [9] No tax assessor could determine the true fair market value of such personalty, because the personalty was not disclosed, and only an assigned value was returned.

Appellant's procedure of valuing its property, without listing or describing such, circumvents a taxpayer's burden to disclose ownership of property; however, such procedure provides a numeric basis upon which a Tax Board may calculate a taxpayer's ad valorem tax based upon the *taxpayer's* estimate or determination of value, thereby enabling a tax bill to generate and some taxes to be paid thereon in a timely fashion. See O.C.G.A. §§ 48-5-301; 48-5-302. Notwithstanding, by utilizing such valuation procedure, appellant has failed to make a "full return," which includes the listing and describing of personal property as requested by the forms, including quantities of each category of personalty. "Imperfect or incorrect returns will not be accepted as meeting the requirements of the law." Rules & Regulations of the State of Georgia, Chapter 560-7-8-.04, p. 263. Moreover, "Important Information" contained in appellant's tax forms warned appellant that, "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 Georgia Code 48-5-299 (A) [sic]." Thereafter, when such audit, properly conducted within the statute of limitation, uncovered appellant's undervaluation of its personal tangible property, appellant is estopped from claiming that a "reassessment" or "revaluation" of *returned* personal property had occurred. No specific items of property were returned so as to allow a re-assessment of the property; only the valuation was returned. As in the case sub judice, when a valuation is discovered as incorrect pursuant to an audit, such valuation, perforce, attaches to no specific personalty so as to provide a basis for a claim of a *re*-valuation or *re*-assessment thereof. Thus, appellant's assertion that, "The new assessments issued by the Board do not enumerate any property *excluded* from the original returns" is so much make-weight, since no specific property was *included* in the original returns. (Emphasis supplied.) "The Georgia law affords to every citizen, individual or corporate, ample facilities for the preservation of his rights as against the tax-gatherer, always provided that he makes a return to the proper officer of the property that he owns. It presupposes that the taxpayer will disclose to the officer all of his taxable property. . . . The requirement of candor in disclosing the ownership of property is really at the foundation of our tax system. So long as the citizen complies with that requirement, he is afforded every opportunity to dispute with the State the question of the value of his property and the amount of tax to be levied thereon. . . . In other words, ample 'machinery' is available to the citizen who makes full returns; deprivation of the right to be further heard is one of the penalties visited on the defaulter." *Ga. R. &c. Co. v. Wright*, supra at 617 (11).

3. Finally, appellant misinterprets the concepts of "cost" and "fair market value," in arguing that summary judgment should have been granted because the Tax Board improperly assessed appellant's property at cost, as opposed to the statutorily prescribed standard of fair market value. [11] Appellant contends that one is exclusive of the other: "There is no statutory authority to assess inventory at its 'cost.' Rather, the inventory must be assessed at 'fair market value.'" While we agree that property must be assessed at fair market value,

O.C.G.A. § 48-5-6, "cost" is not a concept foreign to such valuation. What the taxpayer was willing to pay for the personalty, its cost to him, is one of the factors from which fair market value may be determined, if not the primary factor, because such figure is fixed, while other factors may deviate upward or downward from such figure based upon the fair market.

Mistaken also are appellant's attempts to divide and isolate notions of "retail versus wholesale levels of trade" from cost and fair market value. All are integrally related and relevant to the extent that they aid in determining "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." O.C.G.A. § 48-5-2 (3). Clearly, when the market permits appellant to place a higher retail price on a bottle of aspirin, the aspirin wholesaler will not allow appellant to enjoy such profit alone; appellant's wholesale "cost" of aspirin is going to see a similar increase, which will cause an increase in the fair market value of the taxpayer's inventory. The inverse is equally true, if lackluster market demand forces retail and, thus, wholesale aspirin prices down. For ad valorem tax purposes, fair market value is not the retail value to the taxpayer, but the current wholesale value adjusted for the fair market; thus, the taxpayer's cost may be adjusted upward, downward, or remain the same to reflect the "wholesale market" as it determines the fair market value of the tangible personalty in the taxpayer's possession at that economic moment in time. Contrary to appellant's contentions, the fair market valuation of personal property for tax purposes does not occur in a vacuum but may be determined by utilizing several indices, including "cost" to appellant, as well as wholesale pricing in relation to retail levels of trade. See *Rogers v. DeKalb County Bd. of Tax Assessors*, 247 Ga. 726, 727 (2) (279 S.E.2d 223) (1981). In a stagnant economy, "cost" may, in fact and law at any particular economic moment in time, constitute "fair market value." Thus, appellant's argument that "'cost' and 'fair market value' are not the same and that what the law requires for assessment is fair market value," is simply inaccurate, and we conclude that, "cost" may be part and parcel of an assessment of the "fair market value" of personalty.

Judgment affirmed. Birdsong , P. J., and Ruffin, J., concur.

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 & SUPP	NET	PENALTY
2013	$21,000	$0	$8,000	$29,000	10%
2012	$41,000	$0	$6,000	$47,000	10%
2011	$51,000	$0	$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

REFERENCES

Appraisal Procedures Manual

560-11-10-.01 Purpose and Scope.

(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 Administra tive 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.

(2) 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.

(3) 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.

(4) 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.

RULES
OF
DEPARTMENT OF REVENUE
LOCAL GOVERNMENT SERVICES DIVISION

CHAPTER 560-11-10
APPRAISAL PROCEDURES MANUAL

560-11-10-.02 Definitions.

(1) Definitions. When used in this Chapter, the definitions found in this Rule shall apply.

(a) Absorption rate. "Absorption rate" means the rate at which the real estate market can absorb real property of a given type.

(b) Appraiser. "Appraiser" means a member of the county appraisal staff, who serves the board of tax assessors and whose position was created pursuant to Part 1 of Article 5 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated. This term does not limit its meaning to a single appraiser and may mean one or more members of the county appraisal staff.

(c) Basic cost approach. "Basic cost approach" means a cost approach procedure, used in the mass appraisal of personal property, which uses standard estimates of the most common factors affecting the value of such property. The basic cost approach is intended to provide a uniform estimate of personal property value.

(d) Depreciation. "Depreciation" means the loss of value due to any cause. It is the difference between the market value of a structural improvement or piece of equipment and its reproduction or replacement cost as of the date of valuation. Depreciation is divided into three categories, physical deterioration, functional obsolescence, and economic obsolescence. Depreciation may be further characterized as

curable or incurable depending upon the difficulty or practicality of restoring the lost value through repair or maintenance.

(e) Economic life. "Economic life" means the period during which property may reasonably be expected to perform the function for which it was designed or intended.

(f) Economic obsolescence. "Economic obsolescence" means a form of depreciation that measures a loss of value from negative influence external to the real or personal property. It results when the desirability or useful life of real or personal property is impaired due to forces such as changes in optimum use, legislative enactment that restricts or impairs productivity, and changes in supply and demand relationships. Economic obsolescence is normally incurable.

(g) Effective age. "Effective age" means 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 a true remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and usage.

(h) Fair market value. "Fair market value" means fair market value as defined in Code section 48-5-2 (3).

(i) Final assessment. "Final assessment" means the final assessed value that is determined for the property for the applicable tax year after the following events have occurred: the time period for filing appeals has expired and any appeals that have been filed have been resolved; the authorities authorized to levy taxes on property in the county have approved the final tax levy; the Revenue Commissioner has authorized that the digest may be used as the basis for collecting taxes; the tax commissioner has mailed the final tax bills based on the authorized digest; and in the case of personal property, the appraisal staff has completed its audit of

the personal property pursuant to Rule 560-11-10-.08(4)(d) within the seven year statute of limitations.

(j) Functional obsolescence. "Functional obsolescence" means a form of depreciation that measures a loss of value from a design deficiency or appearance in the market of a more innovative design. Some functional obsolescence may be curable and some functional obsolescence may be incurable.

(k) Inventory. "Inventory" means goods held for sale or lease or furnished under contracts for service; also, raw materials, work in process or materials used or consumed in a business.

(l) Large acreage tract. "Large acreage tract" means a rural land tract that is greater in acreage than the small acreage break point.

(m) Mass appraisal. "Mass appraisal" means the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.

(n) Most Recent Arms Length Sale. As referenced in OCGA 48-5-2(3), transactions must occur prior to the statutory date of valuation to become eligible for the value limitations imposed in 48-5-2(3). Furthermore, where the exchange of property is defined as an arm's length transaction, the sum of the value of the exchanged real estate property components, land and improvements, in the year following the property exchange shall not exceed the transaction's sale price adjusted for non-real estate values such as but not limited to, timber, personal property, etc. The adjustment to the value of the real estate shall remain in effect for at least the digest year following the transaction. With respect to changes in the exchanged real estate property components since the time of exchange (sale date), the value of new improvements, value of additions to existing improvements (footprint of exchanged structure has been altered), major remodeling or renovations to existing structures (footprint of exchanged structure has not been altered), and adjustments to land due to consolidation of tracts,

new surveys, zoning changes, land use changes, etc. shall be added to the sales price adjusted values. In the event an exchanged real estate property structure is renovated or remodeled, the term major shall be construed such that both the property owner and BOA would reasonably conclude a major renovation/remodeling has occurred. If either party, acting reasonably, could debate that the renovation/remodeling effort was not major in nature, the renovation/remodeling effort does not qualify and shall not be added to the sales price adjusted values. Any modifications made to the exchanged real estate property after the sale date that result in a lower value of the exchanged property shall be considered in the final valuation of property for the digest.

(o) Original cost. "Original cost" means, in the case of machinery, equipment, furniture, personal fixtures, and trade fixtures in the hands of the final user, all the direct costs associated with acquiring, transporting and installing such property at the site where it is to be used. This includes the cost of the property to the property owner, the cost of transporting the property to its present site, the cost of any on-site assembly or customized modification of the property, the cost of installing the property, the cost of installing personal fixtures and trade fixtures necessary for the proper operation of the property, and any sales or use tax paid on the property. Original cost is equivalent to original cost new if the property owner was the first to put the personal property into service.

(p) Original cost new. "Original cost new" means, in the case of machinery, equipment, furniture, personal fixtures, and trade fixtures in the hands of the final user, all the direct costs associated with acquiring, transporting and installing such property at the site where it is to be used. This includes the historical cost of the property at the time it was first put into service new, the cost of transporting the property to its present site, the cost of any on-site assembly or customized modification of the property, the cost of installing the property, the cost of installing personal fixtures and trade fixtures

necessary for the proper operation of the property, and any sales or use tax paid on the property. Original cost new is equivalent to original cost if the property owner was the first to put the personal property into service.

(q) Paired sales analysis. "Paired sales analysis" means the comparing of the sale prices of similar properties, some with and some without a particular characteristic, in order to determine what portion of the difference in sales price might be attributable to such characteristic.

(r) 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.

(s) 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.

(t) Physical deterioration. "Physical deterioration" means a form of depreciation that measures the loss of utility of real or personal property over time from wear and tear, age, and exposure to the elements. Some physical deterioration may be curable and some physical deterioration may be incurable.

(u) Ready market. "Ready market" means a market, possibly global, where exchanges of machinery, equipment, personal fixtures and trade fixtures occur with such regularity and under such conditions as to provide a reliable measure of fair market value. Five conditions that may indicate a ready market are: the items of personal property being sold within the market are reasonable substitutes for each other; there are an adequate number of buyers and sellers of the personal property in the market, no one of whom can measurably affect price; there is an absence of artificial restraints and unusual incentives in the market; the item of personal property is reasonably free to be moved where it will receive the greatest return and buyers are reasonably free to buy where the price is lowest; and buyers and sellers are knowledgeable and informed about market conditions.

(v) Real estate. "Real estate" means the physical parcel of land, improvements to the land, improvements attached to the land, real fixtures and appurtenances such as easements.

(w) Real fixtures. "Real fixtures" means personal property that has been installed or attached to land or a building or group of buildings and is intended to remain permanently in its place. A consideration for whether personal property is a real fixture is whether its removal would cause significant damage to such property or to the real property to which it is attached. The term real fixtures shall not include trade fixtures. Real fixtures are classified as real property. Examples of real fixtures are plumbing, heating and cooling, and lighting fixtures.

(x) Real property. "Real property" means the bundle of rights, interests, and benefits connected with the ownership of real estate. Real property does not include the intangible benefits associated with the ownership of real estate, such as the goodwill of a going business concern.

(y) Replacement cost. "Replacement cost" for real property means the cost required to construct a similar structure with like utility as the subject property using modern design, materials,

and workmanship. Replacement cost for personal property means the current cost of a similar new item having the nearest equivalent utility as the subject property.

(z) Reproduction cost. "Reproduction cost" for real property means the cost required to construct an identical or exact replica structure of the subject property. Reproduction cost for personal property means the current cost of duplicating an identical new item.

(aa) 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.

(bb) Rural land. "Rural land" means any land that normally lies outside corporate limits, planned subdivisions, commercial sites, and industrial sites.

(cc) Salvage value. "Salvage value" means the value of personal property that is at the end of its normally expected economic life and has been taken out of use.

(dd) Small acreage break point. "Small acreage break point" means the point, expressed as a number of acres, at which the slope of a trend line, drawn through the plotted qualified sales of rural land on a graph, reflects a distinct and pronounced change. Such graph uses the dollars per acre on the vertical axis and numbers of acres on the horizontal axis. The small acreage break point should show the point below which the market factors of accessibility and desirability of the land primarily influence value, and above which the productivity of the soil and suitability for timber growth primarily influence value.

(ee) Small acreage tract. "Small acreage tract" means a rural land tract that is equal to or smaller in acres than the small acreage break point.

(ff) Tax situs. "Tax situs" means the location of personal property for ad valorem tax purposes.

(gg) 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.

(hh) Transitional real property. "Transitional real property" means any real property that is undergoing a change in use, such as residential, agricultural, commercial, or industrial, and has not been firmly established in its new use. Change in use may be evidenced by recent zoning changes, purchase by a known developer, affidavits of intent, or close proximity to property exposed to these market factors.

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

Authority: O.C.G.A. §§ 48-2-12, 48-5-2, 48-5-269, 48-5-269.1.

RULES
OF
DEPARTMENT OF REVENUE
LOCAL GOVERNMENT SERVICES DIVISION

CHAPTER 560-11-10
APPRAISAL PROCEDURES MANUAL

560-11-10-0.2-.08 Personal Property Appraisal.

(1) 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.

(a) Distinguishing personal property. The appraiser shall be required to correctly identify personal property and distinguish it from real property where the proper valuation procedures, as set forth in this Rule, may be followed.

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.

2. Identification of trade fixtures. When property the appraiser believes is a trade fixture has not been returned by the tenant, the appraiser shall require the tenant to produce their lease agreement and shall carefully review the agreement before making a recommendation to the board of tax assessors regarding the classification of the property in question. The

appraiser shall inform the tenant that they may redact, at their option, any information relating to the payments that are required by the lease agreement.

(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.

(c) Freeport exemptions.

1. Mailing applications. The appraisal staff shall, by U. S. mail, send a new freeport exemption application to any person, firm or corporation that was approved for freeport exemption by the board of tax assessors for the tax year proceeding the tax year for which the application is to be made. The application provided by the appraisal staff shall be deposited with the local post office no later than the 15th day after the official who is responsible for receiving returns has opened the books for returns. The failure of the appraisal staff to comply with this requirement shall not relieve a person, firm or corporation from the responsibility to timely file a freeport application.

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.

(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.

1. General tax situs. Unless otherwise provided in subparagraph (d) of this paragraph, the appraisal staff shall consider the tax situs of personal property to be as provided in this subparagraph.

(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.

(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.

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.

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.

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.

(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.

(f) Partial assessments. Unless specifically provided by law and this Rule, the appraisal staff shall not prepare a partial appraisal based on the fact that personal property is owned or used during the year in a manner that would make it exempt part of the year and taxable part of the year.

(2) Classification. The appraisal staff shall classify personal property as provided in Rule 560-11-2-.21 for inclusion in the county tax digest.

(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.

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

(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.

(i) Form PT-50P. The return form PT-50P, entitled "Business Personal Property Tax Return," may be used for the return of business personal property when the property owner is not eligible or does not desire to file an application for freeport exemption.

(ii) Form PT-50PF. The return form PT-50PF, entitled "Business Personal Property Tax Return / Application for Freeport Exemption," may be used for the return of business personal property and simultaneous application for freeport exemption.

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

2. Obtaining returns from receiver. Each year, after the deadline for filing returns, the appraisal staff shall secure the returns from the official responsible for receiving returns on or before the tenth day following such deadline.

3. Automatic returns. In accordance with Code section 48-5-20, the appraisal staff shall deem any property owner that does not file a return by the deadline as returning for taxation the same property as was returned or deemed to have been

returned in the preceding tax year at the same valuation as the property was finally determined to be subject to taxation in the preceding year.

(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.

(i) Schedule A. The reporting schedule entitled "Schedule A" may be used to list and describe any furniture, trade fixtures,

personal fixtures, machinery and equipment that is included on the property owner's return.

(ii) Schedule B. The reporting schedule entitled "Schedule B" may be used to list and describe any inventory that is included on the property owner's return.

(iii) Schedule C. The reporting schedule entitled "Schedule C" may be used to list and describe any construction in progress that is included on the property owner's return.

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

(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.

(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.

(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.

(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.

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.

(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.

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.

(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.

(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.

(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.

(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.

(a) General procedures. The appraisal staff shall consider the sales comparison, cost, and income approaches in the appraisal of personal property. The degree of dependence on any one approach will change with the availability of reliable data and type of property being appraised.

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.

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.

3. Rounding. The appraisal staff may express the final fair market value estimate to the board of tax assessors in numbers that are rounded to the nearest hundred dollars.

(b) Special procedures. The appraisal staff shall observe the procedures in this Subparagraph when appraising inventory and construction in process.

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.

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.

(c) Level of trade. The appraisal staff shall recognize three distinct levels of trade: the manufacturing level, the wholesale level, and the retail level. The appraiser shall take into account the incremental costs 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.

(d) Ready markets. When the appraiser lacks sufficient evidence to demonstrate the existence of a ready market, he or she shall consider any evidence submitted by the property owner demonstrating that a ready market is available. When

the property owner cannot prove the existence of a reliable ready market, the appraiser may use other valuation approaches as authorized by law and Rule560-11-10-.08(5).

1. 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.

(e) Sales comparison approach. The sales comparison approach uses the sales of comparable properties to estimate the value of the subject property being appraised.

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.

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.

3. 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.

(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.

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.

2. 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.

3. Valuation as a whole. The appraiser may arrange the individual items of personal property into groups with similar valuation characteristics and value such group as a whole when the itemized appraisals of each item of personal property will not add substantially to the accuracy of the determination of the cost approach value.

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.

(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 personal property being appraised shall be excluded from the original cost new when determining the basic cost approach value.

(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, as revised in 1998, 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, as revised in 1998.

(iii) Composite conversion factors. The appraisal staff shall, in accordance with this Rule, 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.

(I) Group I composite conversion factors. The following composite conversion factors shall be applied to Group I assets to arrive at the basic cost approach value for years one through seven: Y1-.87, Y2-.74, Y3-.58, Y4-.43, Y5-.32, Y6-.26, Y7-.21. Thereafter the residual composite conversion factor shall be .20.

(II) Group II composite conversion factors. The following composite conversion factors shall be applied to Group II assets to arrive at the basic cost approach value for years one through eleven: Y1-.92, Y2-.85, Y3-.78, Y4-.70, Y5-.63, Y6-.54, Y7-.44, Y8-.34, Y9-.28, Y10-.25, Y11-.25. Thereafter the residual composite conversion factor shall be .20.

(III) Group III composite conversion factors. The following composite conversion factors shall be applied to Group III assets to arrive at the basic cost approach value for years one through sixteen: Y1-.95, Y2-.91, Y3-.87, Y4-.82, Y5-.79, Y6-.75, Y7-.70, Y8-.63, Y9-.57, Y10-.52, Y11-.47, Y12-.41, Y13-.35, Y14-.31, Y15-.29, Y16-.28. Thereafter the residual composite conversion factor shall be .20.

(IV) Group IV composite conversion factors. The following composite conversion factors shall be applied to Group IV assets to arrive at the basic cost approach value for years one through three: Y1-.67, Y2-.54, Y3-.31. Thereafter the residual composite conversion factor shall be .10.

(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.

(v) 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.

5. Further depreciation to basic cost approach value.

(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.

(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.

(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.

(g) Income approach. The income approach to value estimates the value of personal property by determining the current value of the projected income stream. This approach is most applicable to machinery, equipment, furniture, personal fixtures, and trade fixtures. The approach should only consider the income directly attributable to the personal property being valued and not the income attributable to the real or intangible personal property forming the same business. The appraisal staff may use one of the following methods when using the income approach for the appraisal of applicable personal property:

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.

(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.

(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.

(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.

(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.

(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.

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.

(l) 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.

(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.

Authority: O.C.G.A. §§ 48-2-12, 48-5-2, 48-5-5, 48-5-10, 48-5-11, 48-5-12, 48-5-16, 48-5-18, 48-5-20, 48-5-105, 48- 5-105.1, 48-5-269, 48-5-269.1, 48-5-299, 48-5-300, 48-5-314, 50-17-29.

Standard on Valuation of Personal Property

Approved December 2005

International Association of Assessing Officers

The assessment standards set forth herein represent a consensus in the assessing profession and have been adopted by the Executive Board of the International Association of Assessing Officers. The objective of these standards is to provide a systematic means by which concerned assessing officers can improve and standardize the operation of their offices. The standards presented herein are advisory in nature and the use of, or compliance with, such standard is purely voluntary. If any portion of these standards is found to be in conflict with state law or the Uniform Standards of Professional Appraisal Practice (USPAP), USPAP and state law shall govern.

Acknowledgments This revision of the 1996 Standard on the Valuation of Personal Property was begun in 2004 under the direction of Kenneth C. Uhrich, Gary McCabe, CAE and Scott McAlpine members of the IAAO Technical Standards Committee. The standard also benefited from the support, recommendations, and thorough reviews of Lisa A. Hobart, PPS; Neal R. Cook, MAI; Jim Todora, CAE, MAI; Joyln Stotts; Nancy Tomberlin; Val Courtright; David Savedra; Steve D. Pruitt; Bruce Woodzell, and the IAAO Personal Property Section. At the time of adoption of the standard by the IAAO Executive Board, the IAAO Technical Standards Committee was composed of Peter L. Davis, chair, Alan S. Dornfest, AAS; Gary McCabe, CAE, Scott McAlpine; Bill Marchand, and Kenneth C. Uhrich.

Published by
International Association of Assessing Officers
314 W 10th St
Kansas City, Missouri 64105-1616
816/701-8100
Fax: 816/701-8149
http:\\www.iaao.org

Library of Congress Catalog Card Number: ISBN 0-88329-158-4

Copyright (c) 2005 by the International Association of Assessing Officers
All rights reserved.

No part of this publication may be reproduced in any form, in an electronic retrieval system or otherwise, without the prior written permission of the publisher.

Printed in the United States of America.

Contents

1. Scope 5

2. Introduction 5

3. Definition of Personal Property 5

4. Discovery of Personal Property 5

5. Reporting of Personal Property 6

6. Verification and Auditing 7
   - 6.1 Authority 7
   - 6.2 Audit Program 7
   - 6.3 Quality Assurance 8

7. Valuation 8
   - 7.1 Trade Level 8
   - 7.2 Valuation Techniques 8
     - 7.2.1 Cost Approach 8
     - 7.2.2 Sales Comparison Approach 9
     - 7.2.3 Income Approach 9
     - 7.3 Valuation Guidelines for Tangible Personal Property 10
     - 7.3.1 Machinery and Equipment 10
     - 7.3.2 Furniture and Fixtures 10
     - 7.3.3 Leased Equipment 10
     - 7.3.4 Inventories 11
     - 7.3.5 Supplies 11
     - 7.3.6 Consigned Goods 11
     - 7.3.7 Imports and Exports 11
   - 7.4 Valuation Guidelines for Intangible Personal Property 11
   - 7.5 Compliance with USPAP 11

Selected References 12

Glossary 13

Standard on Valuation of Personal Property

1. Scope

This standard is intended to provide recommendations for defining, classifying, discovering, reporting, verifying, and valuing personal property for ad valorem tax purposes. It is beyond the scope of this standard to address unique valuation issues that may arise in the appraisal of personal property associated with public utilities, telecommunications, railroads, or similar properties.

2. Introduction

The purpose of this standard is to present methods and techniques that assessing officers can use to achieve uniform and equitable personal property valuations. Effective administration of a personal property assessment system depends, in part, on legislation and regulations that provide clear direction for determining the proper status of personal property for assessment and taxation. Such administration also requires an adequate budget to obtain the resources necessary to assess personal property accurately and equitably.

3. Definition of Personal Property

Property means an aggregate of things or rights to things whose possession is protected by law.

Two broad categories of property are real and personal. "Real property is the rights, interests, and benefits connected with *real estate*. Real estate is the physical parcel of land, improvements to the land (such as clearing and grading), improvements attached to the land (such as paving and buildings), and appurtenances (such as easements that cross the parcel or give access to the parcel). 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" (International Association of Assessing Officers 1990, 76).

Personal property by its nature is not permanently attached and therefore is movable. Criteria for distinguishing whether an item is real or personal property in a particular situation usually include intent of owner, means of attachment, contribution to highest and best use of the property (real estate), relevant case law including sales and use tax cases if considered relevant, and statutory, regulatory, and legal guidelines.

Personal property is divisible into two classes—tangible and intangible. Examples of tangible personal property are material items such as animals, marine vessels, aircraft, motor vehicles, furniture and fixtures, machinery and equipment, tools, dies, jigs, patterns, and stock in trade (including inventories held for resale, supplies, and materials in process). Examples of intangible personal property are representations of rights of ownership to property—cash, shares, annuities, patents, stocks, bonds, notes receivable, insurance policies, accounts receivable, licenses, contracts, franchises, money market certificates, certificates of deposit, and copyrights—as well as goodwill.

An assessment statute should explicitly define the types of personal property subject to and exempt from assessment and taxation. State and provincial agencies should provide supporting rules, regulations, and guidelines as required. Legislation should also explicitly define the situs (location for tax purposes) of personal property and should specify a common assessment date for all taxing authorities.

4. Discovery of Personal Property

The extent to which personal property can be assessed depends upon its discovery. Complete discovery requires adequately trained staff and supporting resources. Taxation agencies should be empowered to issue binding rules and regulations covering the discovery of personal property. Disclosure of personal property is often contingent on identifying the owner of the property. Sources that may be useful in the discovery of personal property and its owners include the following:

- previous assessment records and previous personal property statements or returns
- physical inspection (on-site review)
- personal property listing form, return, rendition, declaration, or statement
- real property field appraiser reports and the property characteristic file
- audits (desk, office, field, or correspondence)
- state, provincial, and local sales tax permits
- federal, state, provincial, municipal, and county business licenses and registrations
- building permits
- chambers of commerce membership lists
- new business listings from news media
- public records (such as trade name records, Uniform Commercial Code [UCC] forms, corporation charters, partnership articles, and assumed name notices)
- property transfer documents, including recorded bill(s) of sale

- classified advertisements
- telephone directories
- city directories
- accounting records, including financial statements
- various state and federal tax returns (usually restricted to audit records)
- Internet research on business operations and contacts
- Web sites, specifically leasing and sales
- advertisement flyers
- other resources that can be helpful include access to governmental databases—Department of Motor Vehicles (DMV) or Department of Revenue records providing lists of manufactured home owners or lists of corporate taxpayers by jurisdiction.

Once the property has been discovered and the owner identified, an appraiser should inspect the property and establish an account or record for the owner (or business). The appraiser should speak to the owner, manager, or other authorized person; explain the purpose of the visit; and obtain the necessary data. A standard form or checklist, showing the date of inspection, should be used to verify ownership, the nature of the property, and the situs as of the assessment date.

Information that should be obtained about a business includes the following:

- name of the business
- type of business (e.g., restaurant or hotel)
- type of ownership (e.g., sole proprietorship, partnership, franchise, or corporation)
- mailing address of the business
- name and address of the owner(s)
- telephone number of the business
- name/title of the person supplying the information
- name, address, and telephone number of the party keeping records for the business
- beginning date of the business within the assessment jurisdiction
- e-mail addresses
- North American Industrial Classification System codes (NAICS) (formerly known as Standard Industrial Codes [SIC] in the U.S.)

Fiscal year information that should be obtained about the personal property of the business includes the following:

- a complete listing of all tangible personal property, including machinery, equipment, furniture, fixtures, computers, and other tangible fixed assets with their location, year purchased and year manufactured, and acquisition or construction cost together with what is included in this cost amount, such as shipping, freight, sales tax, licenses, and so forth
- a complete listing, with full descriptions and costs, of all leasehold improvements, noting which items may already be assessed as real property
- a complete listing of leased equipment with the name and address of the lessor, information on the equipment (including name of manufacturer, date of manufacture, description, model number, serial number, list price, and original cost, if available), lease number, and terms of lease (if possible, a copy of the lease agreement should be obtained)
- a complete listing of loaned or consigned items including a brief description (e.g., vending machines), and the name and address of their owner(s)
- a complete listing of items in inventory, rented or leased as part of the business' normal operation

5. Reporting of Personal Property

The physical inspection and listing of individual personal property items is dictated by time, financial resources, and the availability of trained personnel. Typically, these constraints require the use of a reporting form (also called a rendition, return, schedule, or listing) completed by the taxpayer or the taxpayer's agent. All reporting forms should be subject to audit by the assessor, or the assessor's agent, to determine the accuracy and validity of the information provided in the return document. The assessor should mail reporting forms or make them available early enough to allow for their timely completion. Forms and instructions should also be available on the assessor's Web site. The assessor's mailing address and telephone number should always be included on the listing form. Web sites and all documents sent from the assessor's office should include the office's e-mail address.

The first year a taxpayer files a reporting form, the information reported should include a listing of all personal property giving a description, date acquired, and original acquisition or construction cost of each item. If an item was acquired used, the manufacture date and historic cost of the item should be determined if possible. In subsequent years, the taxpayer may be asked to report

only additions and deletions to the initial listing, with appropriate details and costs. This system promotes verification and valuation accuracy. Value trending and depreciation factors can be applied to each item individually or to a group of items, such as furniture, fixtures, and equipment (FF&E), acquired in a given year.

The form should contain sufficient instructions to help the taxpayer prepare and file a complete and accurate listing of all taxable personal property. The instructions on the form should also specify the reporting method required and give specific instructions on how to report construction in progress, acquisition costs (including installation, freight, taxes of all types, and fees), and expensed and fully depreciated assets as well as leased assets. The form should contain a statement that all listings are confidential and are subject to audit.

Implementation of an electronic filing process should be considered in order to provide a high level of customer service. The American National Standards Institute (ANSI) has approved electronic data interchange standards through the Accredited Standards Committee (ASC X12 transaction data sets). This standard enables taxpayers with accounts in multiple jurisdictions to efficiently automate the annual filing of personal property returns.

6. Verification and Auditing

6.1 Authority

Statutes should contain enabling language for regulatory compliance and enforcement measures. Such laws should give assessors and their representatives authority to examine the property, books, papers, and accounts of taxpayers. Statutes should also provide appropriate penalties for those who fail to file timely returns, file inaccurate information, or deny the assessor access to property and records. Further, statutes should require property owners to file personal property statements in each jurisdiction in which the owners have personal property.

6.2 Audit Program

The assessor should establish an audit program designed to facilitate the full and proper listing of all taxable personal property in the assessment jurisdiction. In general, emphasis should be placed on the audit of new accounts, major accounts, accounts with significant changes from the previous year, and accounts that are suspected of being inaccurately reported based on objective analysis.

Statistically valid sampling techniques should be employed to ensure that the audit program is equitable. The purpose of an audit is to verify that all taxable personal property items have been reported and that the information given is accurate. A physical inspection may help to verify the completeness of reports.

To ensure fair and equitable treatment, the scope of an audit program must be clearly defined before the process begins. For example, in establishing audit criteria, it may be useful to identify particular industry segments for examination to maximize resources in a given year or assessment cycle. Audit programs may include one or more of the following activities:

- Review listing changes from one year to the next with taxpayer contact if there are questions.
- Review correctness of data before making changes; contact taxpayers requesting additional information as necessary.
- Request that government revenue agency depreciation schedules be submitted with all listings.
- Obtain copies of government revenue agency depreciation schedules for (specify percentage) of total filings.
- Obtain actual copies of ledger listings from (specify percentage) of total filings.
- For mail audits, request specific documentation from selected accounts or business types.
- Physically inspect and audit records of specifically targeted accounts or business types.
- Physically inspect and audit (specify percentage) of all personal property accounts each year

When conducting a detailed audit with inspection, the appraiser examines a detailed plant fixed-asset ledger or similar record, if available, that provides information on each item such as asset description, serial number, manufacturer, date of purchase, date of installation, location, acquisition cost, depreciation charges, and retirement provisions. The appraiser verifies that assessable items have been completely and accurately reported. Assessable costs may include charges for installation, freight, taxes, and fees (if applicable), unless specifically excluded by law.

Attention should be directed to standby equipment, permanently idled equipment, retired or fully depreciated equipment, and uninstalled equipment. Regardless of book value, such equipment and inventory should be listed and valued unless specifically exempted. Idle, retired, abandoned, or fully depreciated property may not have a value-in-use and may be reported on the company's books as having $0.00 value, but the property may have a value-in-exchange. The amount of value-in-exchange should be determined based on market research of used machinery and equipment of similar use and condition. The status of personal property as of the assessment date is critical to determining an item's assessability or taxability (ratability).

The appraiser should compare total reported costs with

those shown in the general ledger or balance sheet in order to verify that all property has been reported. The appraiser should be familiar with the nature of the cost being reported (original, acquisition [new or used], replacement, impaired) and the nature of the cost found on the general ledger (book, net book, market). Recent changes in reporting requirements by the United States Federal Accounting Standards Board attempt to tie depreciation life to market evidence such as leases.

The appraiser should verify that leased items, for which the business is either the lessor or lessee, have been properly reported and assigned to the correct party. If leasehold improvements exist, the appraiser should ensure that they are being assessed on either the real property roll or the personal property roll.

Simultaneous review of real and personal property records can also help to ensure complete assessment of property.

Time and cost considerations sometimes dictate that the appraiser will not be able to verify the proper reporting of each item of personal property at each site or business being audited. Often, verifying a sampling of major items listed in the detailed plant ledger, a walk-through inspection, and an examination of the general ledger, balance sheet, or other appropriate records will suffice. It may also be helpful to check a sample of recent invoices to see if the taxable assets have been accurately reported. The overall objective of the audit and verification process is to promote proper reporting.

State and provincial agencies may establish audit programs as part of their oversight or equalization and assessment responsibilities. Assessment jurisdictions may complete taxpayer audits or may be allowed to employ private auditing firms to complete the reviews. Larger jurisdictions will sometimes offer audit services to smaller jurisdictions for a fee or jurisdictions may combine audit resources in other ways.

6.3 Quality Assurance

Quality assurance methods and techniques used for personal property are similar to those used for real property. Verification of reported data against independent sources is a good way to check the accuracy of the reported costs and inventory of items listed.

Section 10 of the IAAO *Standard on Ratio Studies* (1999) provides comprehensive guidance for assessors planning to conduct a quality assurance program for personal property.

7. Valuation

7.1 Trade Level

All approaches to personal property valuation should consider trade level, which refers to the production and distribution stages of a product. The appraiser should recognize three distinct basic levels of trade: the manufacturing level, the wholesale level, and the retail level. Incremental costs (such as freight, overhead, handling, installation, and sales taxes paid on installed costs) are added to a product as it advances from one level of trade to the next, thereby increasing its value as a final, in-service product. Thus the value of goods will differ, depending on their level of trade. The appraiser should value personal property at its current level of trade, theoretically to a buyer within that same trade level. Such considerations are particularly important in inventory valuation.

7.2 Valuation Techniques

The cost, sales comparison, and income approaches should be considered in the appraisal of personal property as long as the market within the trade level is in equilibrium. If demand exceeds supply or supply exceeds demand, i.e., unbalanced markets, one or more of the three approaches may produce distorted results. The degree of dependence on any one approach could also change with the availability of reliable data. Units of comparison, such as value of personal property per square foot, for comparable properties can be used to check the value estimates derived from the standard appraisal approaches. Such units of comparison can also be used when the data required for other approaches are unavailable. Examples include cost/value per square foot of FF&E in an office building or cost/value per square foot of inventory for a retail business.

The valuation method and techniques employed should be based on the appraiser/assessor's value standards. In most jurisdictions, market value is defined by value-in-exchange, that is, the value to the next buyer as of the lien date, and highest and best use principles. The highest and best use of an asset will likely be as fully installed and operational to its maximum productivity.

7.2.1 Cost Approach

Costs used in the cost approach can be original construction cost, new or used acquisition cost, replacement, or reproduction costs. Allocated cost can be used if items are purchased in bulk, although often only original or acquisition costs are readily available for personal property assessment purposes. The cost approach provides an estimate of value based on the depreciated cost of the property. In applying the cost approach to personal property, the appraiser must identify make and model number, year acquired, and total acquisition costs, including installation, freight, taxes, and fees. The acquisition costs should then be trended and depreciated as appropriate to reflect current market values. Acquisition costs of equipment obtained pursuant to a lease-purchase agreement should include the total payments, not just the final payment. If financing costs are factored into

the lease payments, an adjustment to the "selling price" may be required.

The assessor should recognize that appraisal and accounting practices for depreciating personal property may differ. Accounting practices provide for recovery of the cost of an asset (the return of the asset), whereas appraisal practices strive to estimate a value related to the current market and should consider both return of the asset and return on the asset. A productive asset may continue to have value at the end of its scheduled life or conversely, an asset may lose its value prior to the end of its scheduled life. Appraisal practice must consider accrued depreciation in the forms of physical deterioration, functional obsolescence, and external (economic) obsolescence. The appraiser/auditor should also be familiar with the purchase accounting methods used by businesses in their jurisdiction. A company's depreciation schedule should provide life tables for various asset categories.

The restoration or modification of machinery or equipment may be treated differently for assessment and accounting purposes. For accounting purposes, the restoration/modification cost may be entered as a different asset, whereas the appraiser/assessor would add the cost to the original item and adjust the effective age of the asset.

Useful guidelines in the form of depreciation schedules or tables are available from state or provincial assessing authorities, professional valuation companies, and appraisal publishing firms. Because the personalty of a business normally is acquired throughout the year, acceptable depreciation schedules will permit the full year's depreciation or will consider the average age of six months (half-year convention). Generally, these guides are sufficiently accurate for use in mass appraisal of property. If guides do not exist for specific types of personal property, it is recommended that they be developed. Depreciation schedules can be developed from a study of asset lives and resale prices. The schedules can be asset specific or for general categories such as personal computers or furniture and fixtures. Most schedules base annual depreciation on a percentage of original cost or replacement cost.

However, there can be particular types of property where standard depreciation schedules may not apply and an accurate depreciation estimate can only be made by using an alternate method. One such method is the capitalization of income (rent) loss due to the inefficiency of the property. It is similar to the practice in real estate valuation of calculating the depreciation due to rent loss caused by internal or external forces. An example would be if an existing machine can only run eight hours per day, but a modern replacement can run ten hours per day, the loss in revenue from the two hours of non-production could be capitalized and the amount subtracted from the replacement cost. Whether the obsolescence was functional or economic would depend on whether the forces reducing the production hours were internal or external. The appraiser/assessor's experience and judgment should inform their decision of whether to use a standard schedule, develop a new schedule, or apply an alternate method of calculating depreciation.

7.2.2 Sales Comparison Approach

The sales comparison approach may have limited application for appraising machinery and equipment used in business because sales of used items are generally few and are often liquidation sales, which typically are not at market value, or are bulk asset purchases. In such circumstances, list prices including delivery costs and sales taxes, when supported by the marketplace, can be good indicators of value. Used assets acquired in bulk purchases may have been sold in an arm's-length transaction so market data may be evident. The value of an individual item to the entire sale price (purchase price allocation) may be available in the buyer's records.

Care must be taken to assure that the property is valued at the proper level of trade. Trade and cash discounts should be subtracted from the list prices, particularly if the equipment sold is still at the wholesale level of trade. If reliable sales data are available, the adjustment process can be applied in the same manner as for real property. If an adjustment for time of sale is made, the adjustment may be negative due to additional accrued depreciation of the property or positive due to inflation.

7.2.3 Income Approach

The income approach produces an estimate of the present worth of income to be received in the future. To apply this approach, the appraiser must estimate the income stream over the remaining economic life of the subject property. This is an important concept; the future income-generating capacity of personal property is typically short-lived compared to real estate. The direct capitalization technique (Income divided by Rate equals Value [I/R=V]) can be used if the single-year income applied is indicative of the annual income for the remaining life of the asset and the capitalization rate reflects the recapture period of the asset. Personal property can also be valued using a yield capitalization technique, which values the changing productivity (income) of the asset over its projected remaining life more accurately than I/R=V. Many industries use gross income multipliers (GIM) or gross rent multipliers (GRM) to value personal property that has typical and similar operating expenses. When applying the income approach to value personal property, it is important to capitalize income from the rental of an asset not the income of the business that owns the asset.

Typical gross incomes may differ under various leasing

arrangements; lessors may be able to supply average gross revenues for each type and model. The historical pattern of net income streams, together with an analysis of current leasing patterns, will suggest the likely shape of future income streams. The capitalization technique chosen should be consistent with the anticipated income stream.

When reliable lease data on equipment leases are available, the income approach can provide good value estimates. Lessors should be required to document operating expenses to be deducted from the gross income. These expenses include management expenses directly associated with the production of lease revenue, equipment maintenance expenses, and the like.

Developing an appropriate capitalization rate is a critical step in the capitalization process. Capitalization rates contain provisions for return on the investment (discount rate) and capital recovery (return of the investment), as discussed in the cost approach. In addition, property taxes may be accounted for as a component of the capitalization rate. (See *Standard on Mass Appraisal of Real Property* [IAAO 2002].)

Data on the economic lives of various types of personal property can be obtained from a number of sources. Lessors are perhaps the best source, although typical economic lives should be documented with dates of acquisition and disposal of actual items. U.S. federal tax guidelines for modified accelerated cost recovery systems (MACRS) can be helpful as a starting point. Economic life data can also be used to estimate recapture rates. When the income approach is applied, consideration should be given to the salvage or scrap value, if any, when the property has reached the end of its normal life expectancy (remaining economic life equals 0). An analysis of resale values of used equipment can be helpful in determining salvage value.

In cases where property is both sold and leased, gross income multipliers (GIM) should be developed. Gross income multipliers can provide reliable value estimates for personal property items that have similar operating expenses, discount rates, and remaining economic lives.

7.3 Valuation Guidelines for Tangible Personal Property

As discussed in section 7.2, the cost, sales comparison, and income approaches should be considered in the appraisal of tangible personal property. However, certain types of personal property do not readily lend themselves to development of all three generally accepted approaches. If sufficient sales data are available to support use of the sales comparison approach, it should receive primary consideration. In many instances, however, sufficient sales data are not available, and in these instances, more reliance should be placed on the cost approach or the income approach. The assessor must always consider the quality and quantity of the available market data.

The following are procedures typically used in the valuation of common types of tangible personal property.

7.3.1 Machinery and Equipment

Machinery and equipment (M&E) are items of personal property used in the normal conduct of business that are not permanently attached to the real estate and, unlike inventory, are not intended to be sold. Utility and ability to produce income are factors that influence the economic life of machinery and equipment. The market value of machinery and equipment typically follows a declining path once the assets are acquired and put into operation due to normal wear and tear and technological changes. Salvage or scrap value should be considered at the end of economic life.

The most common approach for the valuation of machinery and equipment is the cost approach, although the sales comparison approach should receive primary consideration when adequate data are available. In particular, small equipment, for which there is often an active resale market, may lend itself to valuation by the sales comparison approach.

Machinery and equipment can be classified as short-lived (computer) or long-lived (drill press), so not all M&E can be grouped together for depreciation purposes.

7.3.2 Furniture and Fixtures

The procedures described for the appraisal of machinery and equipment are generally used in the appraisal of furniture and fixtures (F&F). Because F&F generally have similar lives, they are often grouped into one item for depreciation purposes.

7.3.3 Leased Equipment

Valuation of leased equipment is complicated by such factors as the wide variety of leased equipment, the variety of leasing arrangements, rapidly changing technologies, and changing market conditions. These factors can cause the quality and quantity of available market data to vary.

The income approach is often used in valuing leased equipment because data on sales and rental rates are usually available. When sales data are available, emphasis should be given to income multipliers derived from market data.

The cost approach may be used cautiously in the valuation of leased equipment because markups of cost to list prices vary from one company to another on the same type of equipment and also vary with the level of trade. If manufactured cost is the only information that is reported,

the appraiser should obtain more data from the lessor or compare the equipment in question with similar equipment of known cost.

7.3.4 Inventories

The term inventories includes specific categories of goods held for resale in the course of business, goods in the process of production (termed goods in process), and raw materials.

Whether certain types of goods are classified as inventories or as something else will change depending on the trade level at which the appraisal is being made. Machinery and other equipment that remain classified as inventories at the manufacturing, wholesale, and retail levels become machinery and equipment upon reaching the end user.

Inventory valuation, both for goods in process and for finished goods, should include the value of labor, materials, and overhead expended during production.

There are many methods for estimating the value of inventories. Some of the more common ones are:

- last in, first out (LIFO)
- first in, first out (FIFO)
- weighted average
- lower of cost or market

The most commonly used method for ad valorem purposes is lower of cost or market. First in, first out (FIFO) is also an acceptable measure of inventory replacement costs. Taxpayers often use last in, first out (LIFO) for income tax purposes, but it does not reflect inventory value for property tax purposes. The weighted average method provides for distribution of inventory costs throughout the year.

Caution should be exercised when inventory values are estimated from the owner's accounting records because most accounting systems use an original acquisition cost basis for pricing inventory and this does not necessarily reflect market value as extracted from the marketplace, which may be more or less than original cost.

7.3.5 Supplies

Supplies are stocks of goods that are intended to be consumed during the production process, but are not part of the raw materials inventory that is processed into the finished product. Examples of supplies include chemicals, clothing, pallets, paper, shipping materials, fuels, and repair parts. Unlike inventory, supplies are not held for resale. Supplies should be valued at their acquisition cost.

7.3.6 Consigned Goods

Consigned goods are personal property in the possession of an agent, held for sale by that agent. They should be valued, at the appropriate level of trade, as part of the consignor's inventory.

7.3.7 Imports and Exports

Assessors should be aware of the legal status of import and export merchandise in order to determine its taxable status. If there is no exemption provided by statute, then the techniques for estimating the value of inventories should be used for valuing imports and exports.

7.4 Valuation Guidelines for Intangible Personal Property

The discovery, reporting, verification, and proper valuation of intangible personal property is difficult and can be expensive. The methods for discovering, reporting, verifying, and auditing intangibles are the same as for tangible personal property. Pertinent information includes type of asset, name of issuer, date of acquisition, legal life, expected useful life, face value or par value, market value, and dividends or other income. Individual research can lead to sources that provide information on the selling prices of intangible personal property.

Statutes should provide concise guidance on the assessment of intangible personal property. The benefit/cost ratio of intangible personal property taxation is such that many states have exempted intangible personal property from taxation. For a listing of state and provincial treatment of intangible property, see *Property Tax Policies and Administrative Practices in Canada and the United States* (IAAO 2000).

Those states that continue to assess intangible property primarily do so for public utilities by using a unit valuation method. When centrally assessed property is not held by a public utility, the separation of tangible from intangible value may be required. Recent letter rulings and case law should be researched to provide guidance in this area. Careful review should underscore the purpose, use, and how necessary and integral the identified intangible personal property is to the taxable tangible personal property. This review could entail the examination of the taxpayer's books, records, and filings with regulatory agencies

7.5 Compliance with USPAP

IAAO requires that all appraisal work performed by its members in the United States and Canada be compliant with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of the Appraisal Foundation (2005 [updated annually]) and the *IAAO Code of Ethics and Standards of Professional Conduct* (2005). USPAP Stan-

dards relevant to the valuation of personal property are Standard 6: Mass Appraisal, Development and Reporting; Standard 7: Personal Property Appraisal, Development; and Standard 8: Personal Property Appraisal, Reporting. Standard 6 defines the appropriate form for developing mass appraisal methods and the structure for reporting the results. Standards 7 and 8 provide guidance on the proper process to follow so that the results are based on sound conclusions and are well documented. USPAP contains adequate jurisdictional exceptions to accommodate the various provisions of state, county, and municipal laws.

Selected References

American Society of Appraisers (ASA). 1989. *Appraising machinery and equipment.* New York: McGraw-Hill, 209.

This text is a detailed compilation of information on the appraisal of machinery and equipment. All forms of depreciation are described and their application to personal property illustrated.

Appraisal Foundation, Appraisal Standards Board. 2005 [updated annually]. *Uniform standards of professional appraisal practice.* Washington, DC: The Appraisal Foundation, Appraisal Standards Board.

Two of these mandatory standards refer to personal property—Standard 7: Personal Property Appraisal, Development, and Standard 8: Personal Property Appraisal, Reporting.

California State Board of Equalization, Assessment Standards Division. 2003. The appraisal of equipment, inventory and supplies. Assessors handbook 571. Sacramento: California State Board of Equalization, Assessment Standards Division.

This handbook contains an excellent discussion of valuation methods. Although written to conform with California law, much of the discussion is of general interest. The board also publishes General audit guidelines (Assessors handbook 504) and Management of the business property program (Assessors handbook 503). Comprehensive personal property manuals are also issued by other states or assessing jurisdictions and can be accessed via Internet on government Web sites.

Gossett, J.F. 1984. Assessment law notes: Problems in intangibles taxation. *Property Tax Journal* 3(4):277–88.

This article reviews case law dealing with many aspects of intangible personal property assessment and valuation, for example, who should pay, situs, valuation, exemptions, and discrimination.

International Association of Assessing Officers (IAAO). Various dates. Bibliographic service. Kansas City, MO: IAAO.

Bibliographic computer databases are available through the IAAO library on various aspects of personal property assessment. The databases can be searched to provide customized listings. Databases relevant to personal property valuation are as follows:

Assessment manuals in the United States. 196 citations.

Provincial assessment manuals in Canada. 69 citations.

Price guides for personal property. 255 citations.

Leases, lease interests, leased equipment, and possessory interests. 199 citations.

Issues in intangibles valuation. 101 citations.

In addition to the computerized databases, a printed bibliography, *Tangible personal property: Valuation, assessment, and taxation*, Section 1: Assessment methods and practices and tax policies, is available.

International Association of Assessing Officers (IAAO). 1990. *Property appraisal and assessment administration.* Chicago: IAAO.

This comprehensive text on assessment administration discusses personal property briefly.

International Association of Assessing Officers (IAAO). 1996. *Property assessment valuation.* 2nd ed. Chicago: IAAO.

This introductory textbook contains a substantial chapter on personal property assessment.

International Association of Assessing Officers (IAAO). 1999. *Standard on ratio studies.* Chicago: IAAO.

International Association of Assessing Officers (IAAO). 2000. *Property tax policies and administrative practices in Canada and the United States* (Taxonomy Study). Chicago: IAAO.

International Association of Assessing Officers (IAAO). 2002. *Standard on mass appraisal of real property.* Chicago: IAAO.

International Association of Assessing Officers (IAAO). 2005. *IAAO code of ethics and standards of professional conduct.* http:\\www.iaao.org\publications\code_of_

ethics.asp.

International Association of Assessing Officers (IAAO). Various dates. Course and workshop manuals. Kansas City, MO: IAAO.

Course 500: Assessment of personal property.

Workshop 552: Basic personal property auditing.

Workshop 553: Advanced personal property auditing.

Workshop 550: Basics of fixed asset valuation.

Workshop 551: Valuation of machinery and equipment—Advanced concepts.

O'Keefe, K.M. 1983. The classification issue and the law of fixtures: A chattel by any other name. *Journal of State Taxation* 2(1):37–57.

A survey of case law on the law of fixtures, focusing on the attachment doctrine, the institutional doctrine, the integrated industrial plan doctrine, and the material injury test. Illinois, New Jersey, and California are featured. See also the article following O'Keefe's—Hyman, M.A. Commercial property assessments: Criteria for classifying personal property as real estate. 59–66.

Skaff, M.S. 1974. Computerized personal property valuation models. *International Property Assessment Administration* 7:194–201.

A paper that examines the use of computers in the administrative function (computation of assessed values, bills, and rolls) and in the analysis of the valuation function (including determination of property life).

U.S. Department of the Treasury. 2004. *Publication 946: How to depreciate property.* Washington, DC: U.S. Department of the Treasury, Internal Revenue Service.

Glossary of Terms

Acquisition cost. The cost used in accounting to represent the purchase price of an asset. If installation and other associated costs are included, this cost should be referred to as total acquisition cost.

Chattel. An item of tangible movable or immovable property except real estate, freehold, and things (such as buildings) connected with real property.

Consigned goods. A type of inventory in the possession of a selling agent but owned by another party. The seller has no equity, no control of price or sale, and receives none of the profit (as such) from sale of the property (but may receive a sales commission).

Construction in progress. Property that is in a process of change from one state to another, such as the conversion of personal property from inventory to fixed asset by installation or the conversion of personalty to realty by becoming a fixture.

Discovery. The process whereby the assessor identifies all taxable property in the jurisdiction and ensures that it is included on the assessment roll.

Economic life. The period of time over which an asset's operation is economically feasible. The economic life may or may not be equivalent to the physical life of the asset.

External (economic) obsolescence. The loss in appraisal value (relative to the cost of replacing a property with property of equal utility) resulting from causes outside the property that suffers the loss. Usually locational in nature in the depreciation of real estate, it is more commonly marketwide in personal property and is generally considered to be economically unfeasible to cure.

Effective age. An age assigned to an asset based on a combination of its actual age and condition.

Finished goods. Inventory at the end stage of a manufacturing process. Finished goods are the result of combining raw materials with labor, capital, machine time, and other components of production.

First in, first out (FIFO). An inventory cost-accounting procedure whereby unsold inventory, including inventory carried over from prior years, is valued at the price most recently paid for inventory purchases.

Fixed assets. Personal property that has been brought to the point of highest and best use, that is, it is fully installed and used to produce income in an economically feasible manner. In a business: permanent assets required for the normal conduct of a business.

Fixture. Generally, an asset that has become part of real estate through attachment in such a manner that its removal would result in a loss in value to either the asset or the real estate to which the asset is affixed.

Goods held for sale or resale. Any inventory held for sale by a wholesaler, distributor, or retailer after having passed through one or more other levels of trade.

Goods in process. Inventory, formerly raw materials, that has begun to undergo the manufacturing process that will result in finished goods.

Historical cost. The cost new to the first owner of personal property.

Intangible property. That class of personal property in which value is based on evidence of ownership rather than physical or tangible characteristics, for example, notes, bonds, insurance, patents, and accounts receivable.

Inventory. The group of personal property items whose value is exhibited by value-in-exchange, that is, ownership is solely for the purpose of sale rather than use.

In-transit goods. Personal property that is in movement from one jurisdiction to another. In-transit goods are not assessable because they lack situs.

Last in, first out (LIFO). An inventory cost-accounting procedure whereby unsold inventory, including inventory carried over from the prior year, is valued at the prices paid for the earliest inventory purchases.

Leasehold improvements. Items of personal property, such as furniture and fixtures associated with a lessee (the tenant), that have been affixed to the real property owned by a lessor.

Lower of cost or market. An inventory accounting concept which states that the present value of inventory is based on the lower of either historic cost or current selling price (example: obsolete inventory items).

Original cost. The cost as recorded on the books of the current owner.

Remaining economic life (REL). The number of years in the future during which the operation of an asset is anticipated to be economically feasible, often expressed as a percentage of the total economic life (REL %).

Situs. The taxable location of an asset. For personal property, situs may be the physical location of the property or, in the instance of highly mobile property, the more-or-less permanent location of the property owner.

Supplies. A type of personal property, usually treated as inventory, that is consumed as part of the process of bringing other assets to a saleable condition.

Tangible property. Property whose value is measured in accordance with its actual physical presence.

Trade level. Refers to the production and distribution stages of a product. Appraisers recognize three distinct levels of trade: the manufacturing level, the wholesale level, and the retail level. Personal property should be assessed at the trade level at which it is found. The valuation of the inventory of one owner should be based on the price for which it would be exchanged with a similar business at the same trade level, for example, from one manufacturer to another. Value-in-exchange increases as a property moves from manufacturing through to retail levels of trade.

Trending factor. A figure representing the increase in selling price over a period of time. Trending accounts for the relative difference in the value of a dollar between two periods.

Unit cost. A valuation guideline expressing the relationship between cost or value of inventory or fixed assets and some unit of measure, for example, cost per square foot or per employee.

Value-in-exchange. The amount an informed purchaser would offer for personal property under given market conditions.

Value-in-use. The value applied to furniture, fixtures, and equipment as installed and in-use for generation of income or performing its function.

Weighted average. A method of inventory cost accounting whereby inventory is valued according to the unit price of all units owned throughout the year. It is calculated by dividing total acquisition cost of all inventory by the number of units owned.

Assessment Standards of the International Association of Assessing Officers

DECEMBER 2005
Standard on Valuation of Personal Property

AUGUST 2004
Guide to Assessment Administration Standards

AUGUST 2004
Standard on Manual Cadastral Maps and Parcel Identifiers

AUGUST 2004
Standard on Property Tax Policy

SEPTEMBER 2003
Standard on Automated Valuation Models

JULY 2003
Standard on Administration of Monitoring and Compliance Responsibilities

JULY 2003
Standard on Digital Cadastral Maps and Parcel Identifiers

JANUARY 2003
Standard on Facilities, Computers, Equipment, and Supplies

FEBRUARY 2002
Standard on Contracting for Assessment Services

FEBRUARY 2002
Standard on Mass Appraisal of Real Property

JULY 2001
Standard on Assessment Appeal

JULY 2001
Standard on Public Relations

JULY 2001
Standard on Valuation of Property Affected by Environmental Contamination

DECEMBER 2000
Standard on Professional Development

JULY 1999
Standard on Ratio Studies

To order any standards listed above or to check current availability and pricing, go to:
http://www.iaao.org/publications/standards.html

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Print Reset

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

	1a. ORGANIZATION'S NAME				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

	2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

	3a. ORGANIZATION'S NAME				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:

☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Instructions for UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read and follow all Instructions, especially Instruction 1; use of the correct name for the Debtor is crucial.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. The filing office cannot give legal advice.

Send completed form and any attachments to the filing office, with the required fee.

ITEM INSTRUCTIONS

A and B. To assist filing offices that might wish to communicate with filer, filer may provide information in item A and item B. These items are optional.

C. Complete item C if filer desires an acknowledgment sent to them. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form the Acknowledgment Copy or a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor's name.** Carefully review applicable statutory guidance about providing the debtor's name. Enter only one Debtor name in item 1 -- either an organization's name (1a) or an individual's name (1b). If any part of the Individual Debtor's name will not fit in line 1b, check the box in item 1, leave all of item 1 blank, check the box in item 9 of the Financing Statement Addendum (Form UCC1Ad) and enter the Individual Debtor name in item 10 of the Financing Statement Addendum (Form UCC1Ad). Enter Debtor's correct name. Do not abbreviate words that are not already abbreviated in the Debtor's name. If a portion of the Debtor's name consists of only an initial or an abbreviation rather than a full word, enter only the abbreviation or the initial. If the collateral is held in a trust and the Debtor name is the name of the trust, enter trust name in the Organization's Name box in item 1a.

1a. Organization Debtor Name. "Organization Name" means the name of an entity that is not a natural person. A sole proprietorship is **not** an organization, even if the individual proprietor does business under a trade name. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed public organic records to determine Debtor's correct name. Trade name is insufficient. If a corporate ending (e.g., corporation, limited partnership, limited liability company) is part of the Debtor's name, it must be included. Do not use words that are not part of the Debtor's name.

1b. Individual Debtor Name. "Individual Name" means the name of a natural person; this includes the name of an individual doing business as a sole proprietorship, whether or not operating under a trade name. The term includes the name of a decedent where collateral is being administered by a personal representative of the decedent. The term does not include the name of an entity, even if it contains, as part of the entity's name, the name of an individual. Prefixes (e.g., Mr., Mrs., Ms.) and titles (e.g., M.D.) are generally not part of an individual name. Indications of lineage (e.g., Jr., Sr., III) generally are not part of the individual's name, but may be entered in the Suffix box. Enter individual Debtor's surname (family name) in Individual's Surname box, first personal name in First Personal Name box, and all additional names in Additional Name(s)/Initial(s) box.

If a Debtor's name consists of only a single word, enter that word in Individual's Surname box and leave other boxes blank.

For both organization and individual Debtors. Do not use Debtor's trade name, DBA, AKA, FKA, division name, etc. in place of or combined with Debtor's correct name; filer may add such other names as additional Debtors if desired (but this is neither required nor recommended).

1c. Enter a mailing address for the Debtor named in item 1a or 1b.

2. **Additional Debtor's name.** If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. For additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names.

3. **Secured Party's name.** Enter name and mailing address for Secured Party or Assignee who will be the Secured Party of record. For additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP). If there has been a full assignment of the initial Secured Party's right to be Secured Party of record before filing this form, either (1) enter Assignor Secured Party's name and mailing address in item 3 of this form and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Assignee's name and mailing address in item 3 of this form and, if desired, also attach Addendum (Form UCC1Ad) giving Assignor Secured Party's name and mailing address in item 11.

4. **Collateral.** Use item 4 to indicate the collateral covered by this financing statement. If space in item 4 is insufficient, continue the collateral description in item 12 of the Addendum (Form UCC1Ad) or attach additional page(s) and incorporate by reference in item 12 (e.g., See Exhibit A). Do not include social security numbers or other personally identifiable information.

Note: If this financing statement covers timber to be cut, covers as-extracted collateral, and/or is filed as a fixture filing, attach Addendum (Form UCC1Ad) and complete the required information in items 13, 14, 15, and 16.

5. If collateral is held in a trust or being administered by a decedent's personal representative, check the appropriate box in item 5. If more than one Debtor has an interest in the described collateral and the check box does not apply to the interest of all Debtors, the filer should consider filing a separate Financing Statement (Form UCC1) for each Debtor.

6a. If this financing statement relates to a Public-Finance Transaction, Manufactured-Home Transaction, or a Debtor is a Transmitting Utility, check the appropriate box in item 6a. If a Debtor is a Transmitting Utility and the initial financing statement is filed in connection with a Public-Finance Transaction or Manufactured-Home Transaction, check only that a Debtor is a Transmitting Utility.

6b. If this is an Agricultural Lien (as defined in applicable state's enactment of the Uniform Commercial Code) or if this is not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 6b and attach any other items required under other law.

7. **Alternative Designation.** If filer desires (at filer's option) to use the designations lessee and lessor, consignee and consignor, seller and buyer (such as in the case of the sale of a payment intangible, promissory note, account or chattel paper), bailee and bailor, or licensee and licensor instead of Debtor and Secured Party, check the appropriate box in item 7.

8. **Optional Filer Reference Data.** This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information that filer may find useful. Do not include social security numbers or other personally identifiable information.

2. Electing the Section 179 Deduction

Table of Contents

- Introduction
- Useful Items - You may want to see:
- What Property Qualifies?
  - Eligible Property
  - Property Acquired for Business Use
  - Property Acquired by Purchase
- What Property Does Not Qualify?
  - Land and Improvements
  - Excepted Property
- How Much Can You Deduct?
  - Dollar Limits
  - Business Income Limit
  - Partnerships and Partners
  - S Corporations
  - Other Corporations
- How Do You Elect the Deduction?
- When Must You Recapture the Deduction?

Introduction

You can elect to recover all or part of the cost of certain qualifying property, up to a limit, by deducting it in the year you place the property in service. This is the section 179 deduction. You can elect the section 179 deduction instead of recovering the cost by taking depreciation deductions.

CAUTION

Estates and trusts cannot elect the section 179 deduction.

This chapter explains what property does and does not qualify for the section 179 deduction, what limits apply to the deduction (including special rules for partnerships and corporations), and how to elect it. It also explains when and how to recapture the deduction.

Useful Items - You may want to see:

Publication

- 537 Installment Sales
- 544 Sales and Other Dispositions of Assets
- 954 Tax Incentives for Distressed Communities

Form (and Instructions)

- 4562 Depreciation and Amortization
- 4797 Sales of Business Property

See chapter 6 for information about getting publications and forms.

What Property Qualifies?

To qualify for the section 179 deduction, your property must meet all the following requirements.

- It must be eligible property.
- It must be acquired for business use.
- It must have been acquired by purchase.
- It must not be property described later under What Property Does Not Qualify .

The following discussions provide information about these requirements and exceptions.

Eligible Property

To qualify for the section 179 deduction, your property must be one of the following types of depreciable property.

1. Tangible personal property.
2. Other tangible property (except buildings and their structural components) used as:
   a. An integral part of manufacturing, production, or extraction, or of furnishing transportation, communications, electricity, gas, water, or sewage disposal services,
   b. A research facility used in connection with any of the activities in (a) above, or
   c. A facility used in connection with any of the activities in (a) for the bulk storage of fungible commodities.
3. Single purpose agricultural (livestock) or horticultural structures. See chapter 7 of Publication 225 for definitions and information regarding the use requirements that apply to these structures.
4. Storage facilities (except buildings and their structural components) used in connection with distributing petroleum or any primary product of petroleum.

5. Off-the-shelf computer software.

6. Qualified real property (described below).

Tangible personal property. Tangible personal property is any tangible property that is not real property. It includes the following property.

- Machinery and equipment.
- Property contained in or attached to a building (other than structural components), such as refrigerators, grocery store counters, office equipment, printing presses, testing equipment, and signs.
- Gasoline storage tanks and pumps at retail service stations.
- Livestock, including horses, cattle, hogs, sheep, goats, and mink and other furbearing animals.

The treatment of property as tangible personal property for the section 179 deduction is not controlled by its treatment under local law. For example, property may not be tangible personal property for the deduction even if treated so under local law, and some property (such as fixtures) may be tangible personal property for the deduction even if treated as real property under local law.

Off-the-shelf computer software. Off-the-shelf computer software is qualifying property for purposes of the section 179 deduction. This is computer software that is readily available for purchase by the general public, is subject to a nonexclusive license, and has not been substantially modified. It includes any program designed to cause a computer to perform a desired function. However, a database or similar item is not considered computer software unless it is in the public domain and is incidental to the operation of otherwise qualifying software.

Qualified real property. You can elect to treat certain qualified real property you placed in service during the tax year as section 179 property.If this election is made, the term "section 179 property" will include any qualified real property that is:

- Qualified leasehold improvement property,
- Qualified restaurant property, or
- Qualified retail improvement property.

The maximum section 179 expense deduction that can be elected for qualified section 179 real property is $250,000 of the maximum section 179 deduction of $500,000 for tax years beginning in 2015. For more information, see Special rules for qualified section 179 real property, later.

Qualified leasehold improvement property. Generally, this is any improvement to an interior portion of a building that is nonresidential real property, provided all of the requirements discussed in chapter 3 under *Qualified leasehold improvement property* are met.

In addition, an improvement made by the lessor does not qualify as qualified leasehold improvement property to any subsequent owner unless it is acquired from the original lessor by reason of the lessor's death or in any of the following types of transactions.

1. A transaction to which section 381(a) applies,
2. A mere change in the form of conducting the trade or business so long as the property is retained in the trade or business as qualified leasehold improvement property and the taxpayer retains a substantial interest in the trade or business,
3. A like-kind exchange, involuntary conversion, or re-acquisition of real property to the extent that the basis in the property represents the carryover basis, or
4. Certain nonrecognition transactions to the extent that your basis in the property is determined by reference to the transferor's or distributor's basis in the property. Examples include the following.
    a. A complete liquidation of a subsidiary.
    b. A transfer to a corporation controlled by the transferor.
    c. An exchange of property by a corporation solely for stock or securities in another corporation in a reorganization.

Qualified restaurant property. Qualified restaurant property is any section 1250 property that is a building or an improvement to a building placed in service during the tax year. Also, more than 50% of the building's square footage must be devoted to preparation of meals and seating for on-premise consumption of prepared meals.

Qualified retail improvement property. Generally, this is any improvement to an interior portion of nonresidential real property if it meets the following requirements.

1. The portion is open to the general public and is used in the retail trade or business of selling tangible property to the general public.
2. The improvement is placed in service more than 3 years after the date the building was first placed in service.
3. The expenses are not for the enlargement of the building, any elevator or escalator, any structural components benefiting a common area, or the internal structural framework of the building.

In addition, an improvement made by the lessor does not qualify as qualified retail improvement property to any subsequent owner unless it is acquired from the original lessor by reason of the lessor's death or in any of the following types of transactions.

1. A transaction to which section 381(a) applies,
2. A mere change in the form of conducting the trade or business so long as the property is retained in the trade or business as qualified leasehold improvement property and the taxpayer retains a substantial interest in the trade or business,
3. A like-kind exchange, involuntary conversion, or re-acquisition of real property to the extent that the basis in the property represents the carryover basis, or
4. Certain nonrecognition transactions to the extent that your basis in the property is determined by reference to the transferor's or distributor's basis in the property. Examples include the following.
    a. A complete liquidation of a subsidiary.
    b. A transfer to a corporation controlled by the transferor.
    c. An exchange of property by a corporation solely for stock or securities in another corporation in a reorganization.

Property Acquired for Business Use

To qualify for the section 179 deduction, your property must have been acquired for use in your trade or business. Property you acquire only for the production of income, such as investment property, rental property (if renting property is not your trade or business), and property that produces royalties, does not qualify.

Partial business use. When you use property for both business and nonbusiness purposes, you can elect the section 179 deduction only if you use the property more than 50% for business in the year you place it in service. If you use the property more than 50% for business, multiply the cost of the property by the percentage of business use. Use the

resulting business cost to figure your section 179 deduction.

Example.

May Oak bought and placed in service an item of section 179 property costing $11,000. She used the property 80% for her business and 20% for personal purposes. The business part of the cost of the property is $8,800 (80% × $11,000).

Property Acquired by Purchase

To qualify for the section 179 deduction, your property must have been acquired by purchase. For example, property acquired by gift or inheritance does not qualify.

Property is not considered acquired by purchase in the following situations.

1. It is acquired by one component member of a controlled group from another component member of the same group.
2. Its basis is determined either—
    a. In whole or in part by its adjusted basis in the hands of the person from whom it was acquired, or
    b. Under the stepped-up basis rules for property acquired from a decedent.
3. It is acquired from a related person.

Related persons. Related persons are described under Related persons earlier. However, to determine whether property qualifies for the section 179 deduction, treat as an individual's family only his or her spouse, ancestors, and lineal descendants and substitute "50%" for "10%" each place it appears.

Example.

Ken Larch is a tailor. He bought two industrial sewing machines from his father. He placed both machines in service in the same year he bought them. They do not qualify as section 179 property because Ken and his father are related persons. He cannot claim a section 179 deduction for the cost of these machines.

What Property Does Not Qualify?

Certain property does not qualify for the section 179 deduction. This includes the following.

Land and Improvements

Land and land improvements do not qualify as section 179 property. Land improvements include swimming pools, paved parking areas, wharves, docks, bridges, and fences.

Excepted Property

Even if the requirements explained earlier under What Property Qualifies are met, you cannot elect the section 179 deduction for the following property.

- Certain property you lease to others (if you are a noncorporate lessor).
- Certain property used predominantly to furnish lodging or in connection with the furnishing of lodging.
- Air conditioning or heating units placed in service in tax years beginning before 2016.
- Property used predominantly outside the United States, except property described in section 168(g)(4) of the Internal Revenue Code.
- Property used by certain tax-exempt organizations, except property used in connection with the production of income subject to the tax on unrelated trade or business income.
- Property used by governmental units or foreign persons or entities, except property used under a lease with a term of less than 6 months.

Leased property. Generally, you cannot claim a section 179 deduction based on the cost of property you lease to someone else. This rule does not apply to corporations. However, you can claim a section 179 deduction for the cost of the following property.

1. Property you manufacture or produce and lease to others.
2. Property you purchase and lease to others if both the following tests are met.
    a. The term of the lease (including options to renew) is less than 50% of the property's class life.
    b. For the first 12 months after the property is transferred to the lessee, the total business deductions you are allowed on the property (other than rents and reimbursed amounts) are more than 15% of the rental income from the property.

Property used for lodging. Generally, you cannot claim a section 179 deduction for property used predominantly to furnish lodging or in connection with the furnishing of lodging. However, this does not apply to the following types of property.

- Nonlodging commercial facilities that are available to those not using the lodging facilities on the same basis as they are available to those using the lodging facilities.
- Property used by a hotel or motel in connection with the trade or business of furnishing lodging where the predominant portion of the accommodations is used by transients.
- Any certified historic structure to the extent its basis is due to qualified rehabilitation expenditures.
- Any energy property.

Energy property. Energy property is property that meets the following requirements.

1. It is one of the following types of property.
    a. Equipment that uses solar energy to generate electricity, to heat or cool a structure, to provide hot water for use in a structure, or to provide solar process heat, except for equipment used to generate energy to heat a swimming pool.
    b. Equipment placed in service after December 31, 2005, and before January 1, 2017, that uses solar energy to illuminate the inside of a structure using fiber-optic distributed sunlight.
    c. Equipment used to produce, distribute, or use energy derived from a geothermal deposit. For electricity generated by geothermal power, this includes equipment up to (but not including) the electrical transmission stage.
    d. Qualified fuel cell property or qualified microturbine property placed in service after December 31, 2005, and before January 1, 2017.

2. The construction, reconstruction, or erection of the property must be completed by you.

3. For property you acquire, the original use of the property must begin with you.

4. The property must meet the performance and quality standards, if any, prescribed by Income Tax Regulations in effect at the time you get the property.

For periods before February 14, 2008, energy property does not include any property that is public utility property as defined by section 46(f)(5) of the Internal Revenue Code (as in effect

Appendix B — Table of Class Lives and Recovery Periods

The *Table of Class Lives and Recovery Periods* has two sections. The first section, *Specific Depreciable Assets Used In All Business Activities, Except As Noted,* generally lists assets used in all business activities. It is shown as Table B-1. The second section, *Depreciable Assets Used In The Following Activities,* describes assets used only in certain activities. It is shown as Table B-2.

How To Use the Tables

You will need to look at both Table B-1 and B-2 to find the correct recovery period. Generally, if the property is listed in Table B-1 you use the recovery period shown in that table. However, if the property is specifically listed in Table B-2 under the type of activity in which it is used, you use the recovery period listed under the activity in that table. Use the tables in the order shown below to determine the recovery period of your depreciable property.

Table B-1. Check Table B-1 for a description of the property. If it is described in Table B-1, also check Table B-2 to find the activity in which the property is being used. If the activity is described in Table B-2, read the text (if any) under the title to determine if the property is specifically included in that asset class. If it is, use the recovery period shown in the appropriate column of Table B-2 following the description of the activity. If the activity is not described in Table B-2 or if the activity is described but the property either is not specifically included in or is specifically excluded from that asset class, then use the recovery period shown in the appropriate column following the description of the property in Table B-1.

Tax-exempt use property subject to a lease. The recovery period for ADS cannot be less than 125 percent of the lease term for any property leased under a leasing arrangement to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership).

Table B-2. If the property is not listed in Table B-1, check Table B-2 to find the activity in which the property is being used and use the recovery period shown in the appropriate column following the description.

Property not in either table. If the activity or the property is not included in either table, check the end of Table B-2 to find *Certain Property for Which Recovery Periods Assigned.* This property generally has a recovery period of 7 years for GDS or 12 years for ADS. See *Which Property Class Applies Under GDS* and *Which Recovery Period Applies* in chapter 4 for the class lives or the recovery periods for GDS and ADS for the following.

- Residential rental property and nonresidential real property (also see Appendix A, Chart 2).
- Qualified rent-to-own property.
- A motorsport entertainment complex placed in service before January 1, 2015.
- Any retail motor fuels outlet.
- Any qualified leasehold improvement property placed in service before January 1, 2015.
- Any qualified restaurant property placed in service before January 1, 2015.
- Initial clearing and grading land improvements for gas utility property and electric utility transmission and distribution plants.
- Any water utility property.
- Certain electric transmission property used in the transmission at 69 or more kilovolts of electricity for sale and placed in service after April 11, 2005.
- Natural gas gathering and distribution lines placed in service after April 11, 2005.

Example 1. Richard Green is a paper manufacturer. During the year, he made substantial improvements to the land on which his paper plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and finds his activity, paper manufacturing, under asset class 26.1, *Manufacture of Pulp and Paper.* He uses the recovery period under this asset class because it specifically includes land improvements. The land improvements have a 13-year class life and a 7-year recovery period for GDS. If he elects to use ADS, the recovery period is 13 years. If Richard only looked at Table B-1, he would select asset class 00.3, *Land Improvements*, and incorrectly use a recovery period of 15 years for GDS or 20 years for ADS.

Example 2. Sam Plower produces rubber products. During the year, he made substantial improvements to the land on which his rubber plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and finds his activity, producing rubber products, under asset class 30.1, *Manufacture of Rubber Products.* Reading the headings and descriptions under asset class 30.1, Sam finds that it does not include land improvements. Therefore, Sam uses the recovery period under asset class 00.3. The land improvements have a 20-year class life and a 15-year recovery period for GDS. If he elects to use ADS, the recovery period is 20 years.

Example 3. Pam Martin owns a retail clothing store. During the year, she purchased a desk and a cash register for use in her business. She checks Table B-1 and finds office furniture under asset class 00.11. Cash registers are not listed in any of the asset classes in Table B-1. She then checks Table B-2 and finds her activity, retail store, under asset class 57.0, *Distributive Trades and Services,* which includes ***assets used in wholesale and retail trade***. This asset class does not specifically list office furniture or a cash register. She looks back at Table B-1 and uses asset class 00.11 for the desk. The desk has a 10-year class life and a 7-year recovery period for GDS. If she elects to use ADS, the recovery period is 10 years. For the

cash register, she uses asset class 57.0 because cash registers are not listed in Table B-1 but it is an ***asset*** used in her retail business. The cash register has a 9-year class life and a 5-year recovery period for GDS. If she elects to use the ADS method, the recovery period is 9 years.

■

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

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
	DEPRECIABLE ASSETS USED IN THE FOLLOWING ACTIVITIES:			
01.1	**Agriculture:** Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries, and fur farms; the performance of agriculture, animal husbandry, and horticultural services.	10	7	10
01.11	**Cotton Ginning Assets**	12	7	12
01.21	**Cattle, Breeding or Dairy**	7	5	7
01.221	**Any breeding or work horse that is 12 years old or less at the time it is placed in service****	10	7	10
01.222	**Any breeding or work horse that is more than 12 years old at the time it is placed in service****	10	3	10
01.223	**Any race horse that is more than 2 years old at the time it is placed in service****	*	3	12
01.224	**Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222****	*	3	12
01.225	**Any horse not described in classes 01.221, 01.222, 01.223, or 01.224**	*	7	12
01.23	**Hogs, Breeding**	3	3	3
01.24	**Sheep and Goats, Breeding**	5	5	5
01.3	**Farm buildings except structures included in Class 01.4**	25	20	25
01.4	**Single purpose agricultural or horticultural structures (within the meaning of section 168(i)(13) of the Code)**	15	10***	15
10.0	**Mining:** Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation and other primary preparation of such materials.	10	7	10
13.0	**Offshore Drilling:** Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats and crewboats. Excludes oil and gas production assets.	7.5	5	7.5
13.1	**Drilling of Oil and Gas Wells:** Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning of wells and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account.	6	5	6
13.2	**Exploration for and Production of Petroleum and Natural Gas Deposits:** Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in Class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in Class 49.23), and liquid holding or storage facilities (other than those classified in Class 49.25). Does not include support vessels.	14	7	14
13.3	**Petroleum Refining:** Includes assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components.	16	10	16
15.0	**Construction:** Includes assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads.	6	5	6
20.1	**Manufacture of Grain and Grain Mill Products:** Includes assets used in the production of flours, cereals, livestock feeds, and other grain and grain mill products.	17	10	17
20.2	**Manufacture of Sugar and Sugar Products:** Includes assets used in the production of raw sugar, syrup, or finished sugar from sugar cane or sugar beets.	18	10	18
20.3	**Manufacture of Vegetable Oils and Vegetable Oil Products:** Includes assets used in the production of oil from vegetable materials and the manufacture of related vegetable oil products.	18	10	18
20.4	**Manufacture of Other Food and Kindred Products:** Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2 and 20.3.	12	7	12
20.5	**Manufacture of Food and Beverages—Special Handling Devices:** Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3 and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	4	3	4

* Property described in asset classes 01.223, 01.224, and 01.225 are assigned recovery periods but have no class lives.
** A horse is more than 2 (or 12) years old after the day that is 24 (or 144) months after its actual birthdate.
*** 7 if property was placed in service before 1989.

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
21.0	**Manufacture of Tobacco and Tobacco Products:** Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products.	15	7	15
22.1	**Manufacture of Knitted Goods:** Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging, are elsewhere classified.	7.5	5	7.5
22.2	**Manufacture of Yarn, Thread, and Woven Fabric:** Includes assets used in the production of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jute for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, flocks, and shoddies. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	11	7	11
22.3	**Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies:** Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sewing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosiery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified.	9	5	9
22.4	**Manufacture of Textile Yarns:** Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are falsetwist, draw, beam-to-beam, and stuffer box texturing equipment and related highspeed twisters and winders. Assets, as described above, which are used to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	8	5	8
22.5	**Manufacture of Nonwoven Fabrics:** Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof other than natural hydration bonding as ocurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make flocked and needle punched products other than carpets and rugs. Assets, as described above, which are used to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	10	7	10
23.0	**Manufacture of Apparel and Other Finished Products:** Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather.	9	5	9
24.1	**Cutting of Timber:** Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account.	6	5	6
24.2	**Sawing of Dimensional Stock from Logs:** Includes machinery and equipment installed in permanent or well established sawmills.	10	7	10
24.3	**Sawing of Dimensional Stock from Logs:** Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities.	6	5	6
24.4	**Manufacture of Wood Products, and Furniture:** Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber.	10	7	10
26.1	**Manufacture of Pulp and Paper:** Includes assets for pulp materials handling and storage, pulp mill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, used for the recovery and regeneration of chemicals used in manufacturing. Does not include assets used either in pulpwood logging, or in the manufacture of hardboard.	13	7	13

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
26.2	**Manufacture of Converted Paper, Paperboard, and Pulp Products:** Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified.	10	7	10
27.0	**Printing, Publishing, and Allied Industries:** Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping; and the publication of newspapers, books, and periodicals.	11	7	11
28.0	**Manufacture of Chemicals and Allied Products:** Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants.	9.5	5	9.5
30.1	**Manufacture of Rubber Products:** Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires, tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires.	14	7	14
30.11	**Manufacture of Rubber Products—Special Tools and Devices:** Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment.	4	3	4
30.2	**Manufacture of Finished Plastic Products:** Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records.	11	7	11
30.21	**Manufacture of Finished Plastic Products—Special Tools:** Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3.5	3	3.5
31.0	**Manufacture of Leather and Leather Products:** Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage.	11	7	11
32.1	**Manufacture of Glass Products:** Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware and fiberglass. Does not include assets used in the manufacture of lenses.	14	7	14
32.11	**Manufacture of Glass Products—Special Tools:** Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	2.5	3	2.5
32.2	**Manufacture of Cement:** Includes assets used in the production of cement, but does not include assets used in the manufacture of concrete and concrete products nor in any mining or extraction process.	20	15	20
32.3	**Manufacture of Other Stone and Clay Products:** Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes.	15	7	15

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
33.2	**Manufacture of Primary Nonferrous Metals:** Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable.	14	7	14
33.21	**Manufacture of Primary Nonferrous Metals—Special Tools:** Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 33.2, Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels and refractories are not included in class 33.21 but are included in class 33.2.	6.5	5	6.5
33.3	**Manufacture of Foundry Products:** Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools and related land improvements.	14	7	14
33.4	**Manufacture of Primary Steel Mill Products:** Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used by steel service centers, ferrous metal forges, and assets used in coke production, regardless of ownership. Also includes related land improvements and all special tools used in the above activities.	15	7	15
34.0	**Manufacture of Fabricated Metal Products:** Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus.	12	7	12
34.01	**Manufacture of Fabricated Metal Products—Special Tools:** Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and returnable containers and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3	3
35.0	**Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products:** Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, electrical power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines (except those elsewhere classified), turbines (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forgings, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly, or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4 and assets elsewhere classified.	10	7	10
36.0	**Manufacture of Electronic Components, Products, and Systems:** Includes assets used in the manufacture of electronic communication, computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electron tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 36.1.	6	5	6
36.1	**Any Semiconductor Manufacturing Equipment**	5	5	5

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
37.11	**Manufacture of Motor Vehicles:** Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified elsewhere. Includes assets used in manufacturing activities elsewhere classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, e.g., does not include any assets classified in asset guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only if 75 percent or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles.	12	7	12
37.12	**Manufacture of Motor Vehicles—Special Tools:** Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and powerdriven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3	3
37.2	**Manufacture of Aerospace Products:** Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test, navigation, and communication equipment or the components thereof.	10	7	10
37.31	**Ship and Boat Building Machinery and Equipment:** Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in asset class 37.32. Excludes buildings and their structural components.	12	7	12
37.32	**Ship and Boat Building Dry Docks and Land Improvements:** Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.31 and 37.33. Specifically includes floating and fixed dry docks, ship basins, graving docks, shipways, piers, and all other land improvements such as water, sewer, and electric systems. Excludes buildings and their structural components.	16	10	16
37.33	**Ship and Boat Building—Special Tools:** Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	6.5	5	6.5
37.41	**Manufacture of Locomotives:** Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives.	11.5	7	11.5
37.42	**Manufacture of Railroad Cars:** Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars.	12	7	12
39.0	**Manufacture of Athletic, Jewelry, and Other Goods:** Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc. **Railroad Transportation:** Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated as electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes any non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class.	12	7	12

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
40.1	**Railroad Machinery and Equipment:** Includes assets classified in the following Interstate Commerce Commission accounts: **Roadway accounts:** (16) Station and office buildings (freight handling machinery and equipment only) (25) TOFC/COFC terminals (freight handling machinery and equipment only) (26) Communication systems (27) Signals and interlockers (37) Roadway machines (44) Shop machinery **Equipment accounts:** (52) Locomotives (53) Freight train cars (54) Passenger train cars (57) Work equipment	14	7	14
40.2	**Railroad Structures and Similar Improvements:** Includes assets classified in the following Interstate Commerce Commission road accounts: (6) Bridges, trestles, and culverts (7) Elevated structures (13) Fences, snowsheds, and signs (16) Station and office buildings (stations and other operating structures only) (17) Roadway buildings (18) Water stations (19) Fuel stations (20) Shops and enginehouses (25) TOFC/COFC terminals (operating structures only) (31) Power transmission systems (35) Miscellaneous structures (39) Public improvements construction	30	20	30
40.3	**Railroad Wharves and Docks:** Includes assets classified in the following Interstate Commission Commerce accounts: (23) Wharves and docks (24) Coal and ore wharves	20	15	20
40.4	**Railroad Track**	10	7	10
40.51	**Railroad Hydraulic Electric Generating Equipment**	50	20	50
40.52	**Railroad Nuclear Electric Generating Equipment**	20	15	20
40.53	**Railroad Steam Electric Generating Equipment**	28	20	28
40.54	**Railroad Steam, Compressed Air, and Other Power Plan Equipment**	28	20	28
41.0	**Motor Transport—Passengers:** Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2.	8	5	8
42.0	**Motor Transport—Freight:** Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2.	8	5	8
44.0	**Water Transportation:** Includes assets used in the commercial and contract carrying of freight and passengers by water except the transportation assets included in classes with the prefix 00.2. Includes all related land improvements.	20	15	20
45.0	**Air Transport:** Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)-11(d)(2)(iv)(a) of the regulations, expenditures for "repair, maintenance, rehabilitation, or improvement," shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not "excluded additions" as defined in section 1.167(a)-11(d)(2)(vi) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts.	12	7	12
45.1	**Air Transport (restricted):** Includes each asset described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contract concept is to be applied in the same manner as under the general rules expressed in section 49(b)(1), (4), (5) and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978-3 C.B. 1, 60).	6	5	6
46.0	**Pipeline Transportation:** Includes assets used in the private, commercial, and contract carrying of petroleum, gas and other products by means of pipes and conveyors. The trunk lines and related storage facilities of integrated petroleum and natural gas producers are included in this class. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2; C.B. 102, but includes all other related land improvements.	22	15	22

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
48.11	**Telephone Communications:** Includes the assets classified below and that are used in the provision of commercial and contract telephonic services such as: **Telephone Central Office Buildings:** Includes assets intended to house central office equipment, as defined in Federal Communications Commission Part 31 Account No. 212 whether section 1245 or section 1250 property.	45	20	45
48.12	**Telephone Central Office Equipment:** Includes central office switching and related equipment as defined in Federal Communications Commission Part 31 Account No. 221. Does not include computer-based telephone central office switching equipment included in class 48.121. Does not include private branch exchange (PBX) equipment.	18	10	18
48.121	**Computer-based Telephone Central Office Switching Equipment:** Includes equipment whose functions are those of a computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment.	9.5	5	9.5
48.13	**Telephone Station Equipment:** Includes such station apparatus and connections as teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communications Commission Part 31 Account No. 231, 232, and 234.	10	7*	10*
48.14	**Telephone Distribution Plant:** Includes such assets as pole lines, cable, aerial wire, underground conduits, and comparable equipment, and related land improvements as defined in Federal Communications Commission Part 31 Account Nos. 241, 242.1, 242.2, 242.3, 242.4, 243, and 244.	24	15	24
48.2	**Radio and Television Broadcastings:** Includes assets used in radio and television broadcasting, except transmitting towers. **Telegraph, Ocean Cable, and Satellite Communications (TOCSC)** includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in Classes 48.31–48.45 is comparable to telephone distribution plant described in Class 48.14 and used for 2-way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1-way communication.	6	5	6
48.31	**TOCSC—Electric Power Generating and Distribution Systems:** Includes assets used in the provision of electric power by generation, modulation, rectification, channelization, control, and distribution. Does not include these assets when they are installed on customers premises.	19	10	19
48.32	**TOCSC—High Frequency Radio and Microwave Systems:** Includes assets such as transmitters and receivers, antenna supporting structures, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems.	13	7	13
48.33	**TOCSC—Cable and Long-line Systems:** Includes assets such as transmission lines, pole lines, ocean cables, buried cable and conduit, repeaters, repeater stations, and other related assets. Does not include high frequency radio or microwave systems.	26.5	20	26.5
48.34	**TOCSC—Central Office Control Equipment:** Includes assets for general control, switching, and monitoring of communications signals including electromechanical switching and channeling apparatus, multiplexing equipment patching and monitoring facilities, in-house cabling, teleprinter equipment, and associated site improvements.	16.5	10	16.5
48.35	**TOCSC—Computerized Switching, Channeling, and Associated Control Equipment:** Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements.	10.5	7	10.5
48.36	**TOCSC—Satellite Ground Segment Property:** Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property.	10	7	10
48.37	**TOCSC—Satellite Space Segment Property:** Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications.	8	5	8
48.38	**TOCSC—Equipment Installed on Customer's Premises:** Includes assets installed on customer's premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment and other associated and related equipment.	10	7	10
48.39	**TOCSC—Support and Service Equipment:** Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools, and test and laboratory assets. **Cable Television (CATV):** Includes communications-related assets used to provide cable television community antenna television services. Does not include assets used to provide subscribers with two-way communications services.	13.5	7	13.5

* Property described in asset guideline class 48.13 which is qualified technological equipment as defined in section 168(i)(2) is assigned a 5-year recovery period.

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
48.41	**CATV—Headend:** Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend buildings and program origination assets.	11	7	11
48.42	**CATV—Subscriber Connection and Distribution Systems:** Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and convertors.	10	7	10
48.43	**CATV—Program Origination:** Includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components.	9	5	9
48.44	**CATV—Service and Test:** Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles.	8.5	5	8.5
48.45	**CATV—Microwave Systems:** Inlcudes assets such as towers, antennas, transmitting and receiving equipment, and broad band microwave assets is used in the provision of cable television services. Does not include assets used in the provision of common carrier services.	9.5	5	9.5
49.11	**Electric, Gas, Water and Steam, Utility Services:** Includes assets used in the production, transmission and distribution of electricity, gas, steam, or water for sale including related land improvements. **Electric Utility Hydraulic Production Plant:** Includes assets used in the hydraulic power production of electricity for sale, including related land improvements, such as dams, flumes, canals, and waterways.	50	20	50
49.12	**Electric Utility Nuclear Production Plant:** Includes assets used in the nuclear power production and electricity for sale and related land improvements. Does not include nuclear fuel assemblies.	20	15	20
49.121	**Electric Utility Nuclear Fuel Assemblies:** Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor used in the production of electricity. Does not include nuclear fuel assemblies used in breader reactors.	5	5	5
49.13	**Electric Utility Steam Production Plant:** Includes assets used in the steam power production of electricity for sale, combusion turbines operated in a combined cycle with a conventional steam unit and related land improvements. Also includes package boilers, electric generators and related assets such as electricity and steam distribution systems as used by a waste reduction and resource recovery plant if the steam or electricity is normally for sale to others.	28	20	28
49.14	**Electric Utility Transmission and Distribution Plant:** Includes assets used in the transmission and distribution of electricity for sale and related land improvements. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.	30	20	30
49.15	**Electric Utility Combustion Turbine Production Plant:** Includes assets used in the production of electricity for sale by the use of such prime movers as jet engines, combustion turbines, diesel engines, gasoline engines, and other internal combustion engines, their associated power turbines and/or generators, and related land improvements. Does not include combustion turbines operated in a combined cycle with a conventional steam unit.	20	15	20
49.21	**Gas Utility Distribution Facilities:** Includes gas water heaters and gas conversion equipment installed by utility on customers' premises on a rental basis.	35	20	35
49.221	**Gas Utility Manufactured Gas Production Plants:** Includes assets used in the manufacture of gas having chemical and/or physical properties which do not permit complete interchangeability with domestic natural gas. Does not include gas-producing systems and related systems used in waste reduction and resource recovery plants which are elsewhere classified.	30	20	30
49.222	**Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks):** Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas.	14	7	14
49.223	**Substitute Natural Gas—Coal Gasification:** Includes assets used in the manufacture and production of pipeline quality gas from coal using the basic Lurgi process with advanced methanation. Includes all process plant equipment and structures used in this coal gasification process and all utility assets such as cooling systems, water supply and treatment facilities, and assets used in the production and distribution of electricity and steam for use by the taxpayer in a gasification plant and attendant coal mining site processes but not for assets used in the production and distribution of electricity and steam for sale to others. Also includes all other related land improvements. Does not include assets used in the direct mining and treatment of coal prior to the gasification process itself.	18	10	18
49.23	**Natural Gas Production Plant**	14	7	14
49.24	**Gas Utility Trunk Pipelines and Related Storage Facilities:** Excluding initial clearing and grading land improvements as specified in Rev. Rul. 72-40.	22	15	22
49.25	**Liquefied Natural Gas Plant:** Includes assets used in the liquefaction, storage, and regasification of natural gas including loading and unloading connections, instrumentation equipment and controls, pumps, vaporizers and odorizers, tanks, and related land improvements. Also includes pipeline interconnections with gas transmission lines and distribution systems and marine terminal facilities.	22	15	22

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years) GDS (MACRS)	ADS
49.3	**Water Utilities:** Includes assets used in the gathering, treatment, and commercial distribution of water.	50	20***	50
49.4	**Central Steam Utility Production and Distribution:** Includes assets used in the production and distribution of steam for sale. Does not include assets used in waste reduction and resource recovery plants which are elsewhere classified.	28	20	28
49.5	**Waste Reduction and Resource Recovery Plants:** Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas pyrolysis system, or refuse derived fuel system to create hot water, gas, steam and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling and other related land improvements of a waste reduction and resource recovery plant.	10	7	10
50.	**Municipal Wastewater Treatment Plant**	24	15	24
51.	**Municipal Sewer**	50	20***	50
57.0	**Distributive Trades and Services:** Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products.	9	5	9*
57.1	**Distributive Trades and Services—Billboard, Service Station Buildings and Petroleum Marketing Land Improvements:** Includes section 1250 assets, including service station buildings and depreciable land improvements, whether section 1245 property or section 1250 property, used in the marketing of petroleum and petroleum products, but not including any of these facilities related to petroleum and natural gas trunk pipelines. Includes car wash buildings and related land improvements. Includes billboards, whether such assets are section 1245 property or section 1250 property. Excludes all other land improvements, buildings and structural components as defined in section 1.48-1(e) of the regulations. See *Gas station convenience stores* in chapter 3.	20	15	20
79.0	**Recreation:** Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billiard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadia, race tracks, ski slopes, and buildings which house the assets used in entertainment services.	10	7	10
80.0	**Theme and Amusement Parks:** Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (e.g., parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (e.g., food and beverage retailing, souvenir vending and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose trucks, cars, airplanes, etc., which are included in asset guideline classes with the prefix 00.2), assets used in the provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels and motels.	12.5	7	12.5
	Certain Property for Which Recovery Periods Assigned			
	A. Personal Property With No Class Life		7	12
	Section 1245 Real Property With No Class Life		7	40
	B. Qualified Technological Equipment, as defined in section 168(i)(2).	**	5	5
	C. Property Used in Connection with Research and Experimentation referred to in section 168(e)(3)(B).	**	5	class life if no class life—12
	D. Alternative energy property described in sections 48(l)(3)(A)(ix) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990).	**	5	class life if no class life—12
	E. Biomass property described in section 48(l)(15) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990) and is a qualifying small production facility within the meaning of section 3(17)(c) of the Federal Power Act (16 U.S.C. 796(17)(C)), as in effect on September 1, 1986.	**	5	class life if no class life—12
	F. Energy property described in section 48(a)(3)(A) (or would be described if "solar or wind energy" were substituted for "solar energy" in section 48(a)(3)(A)(i)).	**	5	class life if no class life—12

* Any high technology medical equipment as defined in section 168(i)(2)(C) which is described in asset guideline class 57.0 is assigned a 5-year recovery period for the alternate MACRS method.

** The class life (if any) of property described in classes B, C, D, E, or F is determined by reference to the asset guideline classes. If an item of property described in paragraphs B, C, D, E, or F is not described in any asset guideline class, such item of property has no class life.

*** Use straight line over 25 years if placed in service after June 12, 1996, unless placed in service under a binding contract in effect before June 10, 1996, and at all times until placed in service.

Glossary

Abstract fees: Expenses generally paid by a buyer to research the title of real property.

Active conduct of a trade or business: Generally, for the section 179 deduction, a taxpayer is considered to conduct a trade or business actively if he or she meaningfully participates in the management or operations of the trade or business. A mere passive investor in a trade or business does not actively conduct the trade or business.

Adjusted basis: The original cost of property, plus certain additions and improvements, minus certain deductions such as depreciation allowed or allowable and casualty losses.

Amortization: A ratable deduction for the cost of intangible property over its useful life.

Amount realized: The total of all money received plus the fair market value of all property or services received from a sale or exchange. The amount realized also includes any liabilities assumed by the buyer and any liabilities to which the property transferred is subject, such as real estate taxes or a mortgage.

Basis: A measure of an individual's investment in property for tax purposes.

Business/investment use: Usually, a percentage showing how much an item of property, such as an automobile, is used for business and investment purposes.

Capitalized: Expended or treated as an item of a capital nature. A capitalized amount is not deductible as a current expense and must be included in the basis of property.

Circumstantial evidence: Details or facts which indirectly point to other facts.

Class life: A number of years that establishes the property class and recovery period for most types of property under the General Depreciation System (GDS) and Alternative Depreciation System (ADS).

Commuting: Travel between a personal home and work or job site within the area of an individual's tax home.

Convention: A method established under the Modified Accelerated Cost Recovery System (MACRS) to determine the portion of the year to depreciate property both in the year the property is placed in service and in the year of disposition.

Declining balance method: An accelerated method to depreciate property. The General Depreciation System (GDS) of MACRS uses the 150% and 200% declining balance methods for certain types of property. A depreciation rate (percentage) is determined by dividing the declining balance percentage by the recovery period for the property.

Disposition: The permanent withdrawal from use in a trade or business or from the production of income.

Documentary evidence: Written records that establish certain facts.

Exchange: To barter, swap, part with, give, or transfer property for other property or services.

Fair market value (FMV): The price that property brings when it is offered for sale by one who is willing but not obligated to sell, and is bought by one who is willing or desires to buy but is not compelled to do so.

Fiduciary: The one who acts on behalf of another as a guardian, trustee, executor, administrator, receiver, or conservator.

Fungible commodity: A commodity of a nature that one part may be used in place of another part.

Goodwill: An intangible property such as the advantage or benefit received in property beyond its mere value. It is not confined to a name but can also be attached to a particular area where business is transacted, to a list of customers, or to other elements of value in business as a going concern.

Grantor: The one who transfers property to another.

Improvement: An addition to or partial replacement of property that adds to its value, appreciably lengthens the time you can use it, or adapts it to a different use.

Intangible property: Property that has value but cannot be seen or touched, such as goodwill, patents, copyrights, and computer software.

Listed property: Passenger automobiles; any other property used for transportation; property of a type generally used for entertainment, recreation or amusement; and computers and their peripheral equipment (unless used only at a regular business establishment and owned or leased by the person operating the establishment).

Nonresidential real property: Most real property other than residential rental property.

Placed in service: Ready and available for a specific use whether in a trade or business, the production of income, a tax-exempt activity, or a personal activity.

Property class: A category for property under MACRS. It generally determines the depreciation method, recovery period, and convention.

Recapture: To include as income on your return an amount allowed or allowable as a deduction in a prior year.

Recovery period: The number of years over which the basis of an item of property is recovered.

Remainder interest: That part of an estate that is left after all the other provisions of a will have been satisfied.

Residential rental property: Real property, generally buildings or structures, if 80% or more of its annual

gross rental income is from dwelling units.

Salvage value: An estimated value of property at the end of its useful life. Not used under MACRS.

Section 1245 property: Property that is or has been subject to an allowance for depreciation or amortization. Section 1245 property includes personal property, single purpose agricultural and horticultural structures, storage facilities used in connection with the distribution of petroleum or primary products of petroleum, and railroad grading or tunnel bores.

Section 1250 property: Real property (other than section 1245 property) which is or has been subject to an allowance for depreciation.

Standard mileage rate: The established amount for optional use in determining a tax deduction for automobiles instead of deducting depreciation and actual operating expenses.

Straight line method: A way to figure depreciation for property that ratably deducts the same amount for each year in the recovery period. The rate (in percentage terms) is determined by dividing 1 by the number of years in the recovery period.

Structural components: Parts that together form an entire structure, such as a building. The term includes those parts of a building such as walls, partitions, floors, and ceilings, as well as any permanent coverings such as paneling or tiling, windows and doors, and all components of a central air conditioning or heating system including motors, compressors, pipes and ducts. It also includes plumbing fixtures such as sinks, bathtubs, electrical wiring and lighting fixtures, and other parts that form the structure.

Tangible property: Property you can see or touch, such as buildings, machinery, vehicles, furniture, and equipment.

Tax-exempt: Not subject to tax.

Term interest: A life interest in property, an interest in property for a term of years, or an income interest in a trust. It generally refers to a present or future interest in income from property or the right to use property that terminates or fails upon the lapse of time, the occurrence of an event, or the failure of an event to occur.

Unadjusted basis: The basis of an item of property for purposes of figuring gain on a sale without taking into account any depreciation taken in earlier years but with adjustments for other amounts, including amortization, the section 179 deduction, any special depreciation allowance, any deduction claimed for clean-fuel vehicles or clean-fuel vehicle refueling property placed in service before January 1, 2006, and any electric vehicle credit.

Unit-of-production method: A way to figure depreciation for certain property. It is determined by estimating the number of units that can be produced before the property is worn out. For example, if it is estimated that a machine will produce 1000 units before its useful life ends, and it actually produces 100 units in a year, the percentage to figure depreciation for that year is 10% of the machine's cost less its salvage value.

Useful life: An estimate of how long an item of property can be expected to be usable in trade or business or to produce income.

■

PERSONAL PROPERTY FORMS

PT - 50 PF

APPLICATION FOR FREEPORT EXEMPTION INVENTORY

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 listed in the due date column above.
NOTE: Most counties do not accept metered mail dates as filing date unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing is close to the deadline.

BUSINESS PHYSICAL LOCATION

IF MAILING ADDRESS OR NAME IS INCORRECT PLEASE CORRECT IN THE SPACE PROVIDED BELOW

NAME:

ADDRESS:

CITY, STATE, ZIP:

In all counties having a filing date of April 1, you may still receive a partial exemption for a late filing. The amount of the exemption you will receive is as follows: April 2 - April 30 (66.67% of the full exemption), May 1- May 31 (58.33%), June 1 (50%).

Failure to file by June 1 shall constitute waiver of the entire exemption for the year (0.0%).

1. DESCRIBE THE TYPE OF BUSINESS:

2. Inventory must be reported at its full cost at level of trade. Full cost must include all freight, burden, overhead, and any other charges incurred from the original state as a raw material to its resting place on January 1.

3. If inventory and exemption are not as of January 1, they must be adjusted to January 1, in accordance with the provisions of Georgia Code 48-5-10.

4. LIST THE METHOD OF INVENTORY VALUATION USED: _____ METHOD OF INVENTORY COST IDENTIFICATION: _____

5. SUMMATION OF TAXABLE INVENTORY:

PLEASE COMPLETE THE FOLLOWING

INVENTORY NOT ELIGIBLE FOR FREEPORT

A. PACKAGING MATERIALS, STAMPING OR SHIPPING SUPPLIES ON HAND AS OF JANUARY 1. $_____

B. OTHER EXPENSED SUPPLIES (i.e. GASOLINE, OFFICE SUPPLIES, etc.) ON HAND AS OF JANUARY 1. $_____

C. SPARE PARTS INVENTORY ON HAND AS OF JANUARY 1. $_____

D. 100% FULL COST OF FINISHED GOODS HELD FOR MORE THAN 12 MONTHS AS OF JANUARY 1. $_____

E. 100% FULL COST OF MERCHANDISE INVENTORY PURCHASED FOR RESALE ON HAND AS OF JANUARY 1. $_____

INVENTORY ELIGIBLE FOR FREEPORT

F. 100% FULL COST OF RAW MATERIALS AS OF JANUARY 1. $_____

G. 100% FULL COST OF GOODS IN PROCESS ON JANUARY 1. $_____

H. 100% FULL COST OF FINISHED GOODS HELD LESS THAN 12 MONTHS AS OF JANUARY 1. $_____

I. TOTAL INVENTORY ON JANUARY 1ST. ADD LINES A. THROUGH H. (SAME AS TOTAL FROM SCHEDULE B) $_____
(Current market value at your level of trade)

J. LESS FREEPORT EXEMPTION: (1 AND 2 BELOW ARE FOR MANUFACTURING OR PRODUCTION BUSINESS)

1. RAW MATERIALS, GOODS IN PROCESS

_____ (From F and G Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

2. FINISHED GOODS OF GA. MANUFACTURER (HELD FOR LESS THAN 12 MO.)

_____ (From H Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

3. FINISHED GOODS DESTINED FOR OUT OF STATE SHIPMENT (FOR WHOLESALE OR DISTRIBUTION BUSINESSES)

_____ (From Section 6C line E Back Page) X* _____ (County Exemption %) = (_____ (Exemption Amount))

* NOTE: COUNTY EXEMPTION % WILL BE 20, 40, 60, 80, OR 100 PERCENT.

K. TOTAL FREEPORT EXEMPTION (ADD 1, 2 AND 3 ABOVE) (ENTER ON PAGE 1 LINE P OF TAX RETURN) $ (– _____)

L. TOTAL TAXABLE INVENTORY AT 100% OF MARKET VALUE AT YOUR LEVEL OF TRADE.(ENTER ON PAGE 1 LINE I OF TAX RETURN) $_____

EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

MANUFACTURING OR PRODUCTION BUSINESSES

6A. 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.

6B. 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. For purposes of this explanation "Finished Goods" shall mean 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.

WHOLESALE OR DISTRIBUTION BUSINESSES

6C. 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.

SUMMARY FOR THIS EXEMPTION: (6C)

A. Total finished goods inventory shipments from this county during the last complete calendar year: _____

B. Total finished goods inventory shipments from this county during the last complete calendar year to an out-of State destination: _____

C. Percentage of out-of State shipments: (B divided by A) _____ %

D. Total finished goods inventory on January 1 of this year: (Exclude inventory stored over (12) months) _____

E. Estimated out-of-State shipments this year: (multiply C times D) Enter under 5.J.3 front page _____

7. If property is exempt under freeport, it is exempt either as covered by category 6A, 6B, 6C. The same property cannot be exempted under more than one of these three categories.

8. PHYSICAL LOCATION OF INVENTORY IN THIS COUNTY. (List)

9. LOCATION OF SUPPORTING BOOKS AND RECORDS PERTAINING TO THIS INVENTORY. (List)

10. NAME AND TELEPHONE NUMBER OF RESPONSIBLE INDIVIDUAL TO CONTACT REGARDING ANY QUESTIONS PERTAINING TO THIS INVENTORY.

NAME_____ PHONE_____

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 there of, 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)

DISPOSITION OF THE COUNTY BOARD OF TAX ASSESSORS DATE_____

-APPROVED-	-DISAPPROVED-

PT - 50 PF

APPLICATION FOR FREEPORT EXEMPTION INVENTORY

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 listed in the due date column above.
NOTE: Most counties do not accept metered mail dates as filing date unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing is close to the deadline.

BUSINESS PHYSICAL LOCATION

IF MAILING ADDRESS OR NAME IS INCORRECT PLEASE CORRECT IN THE SPACE PROVIDED BELOW

NAME:

ADDRESS:

CITY, STATE, ZIP:

In all counties having a filing date of April 1, you may still receive a partial exemption for a late filing. The amount of the exemption you will receive is as follows: April 2 - April 30 (66.67% of the full exemption), May 1- May 31 (58.33%), June 1 (50%).

Failure to file by June 1 shall constitute waiver of the entire exemption for the year (0.0%).

1. DESCRIBE THE TYPE OF BUSINESS:

2. Inventory must be reported at its full cost at level of trade. Full cost must include all freight, burden, overhead, and any other charges incurred from the original state as a raw material to its resting place on January 1.

3. If inventory and exemption are not as of January 1, they must be adjusted to January 1, in accordance with the provisions of Georgia Code 48-5-10.

4. LIST THE METHOD OF INVENTORY VALUATION USED: _____ METHOD OF INVENTORY COST IDENTIFICATION: _____

5. SUMMATION OF TAXABLE INVENTORY:

PLEASE COMPLETE THE FOLLOWING

INVENTORY NOT ELIGIBLE FOR FREEPORT

A. PACKAGING MATERIALS, STAMPING OR SHIPPING SUPPLIES ON HAND AS OF JANUARY 1. $_____

B. OTHER EXPENSED SUPPLIES (i.e. GASOLINE, OFFICE SUPPLIES, etc.) ON HAND AS OF JANUARY 1. $_____

C. SPARE PARTS INVENTORY ON HAND AS OF JANUARY 1. $_____

D. 100% FULL COST OF FINISHED GOODS HELD FOR MORE THAN 12 MONTHS AS OF JANUARY 1. $_____

E. 100% FULL COST OF MERCHANDISE INVENTORY PURCHASED FOR RESALE ON HAND AS OF JANUARY 1. $_____

INVENTORY ELIGIBLE FOR FREEPORT

F. 100% FULL COST OF RAW MATERIALS AS OF JANUARY 1. $_____

G. 100% FULL COST OF GOODS IN PROCESS ON JANUARY 1. $_____

H. 100% FULL COST OF FINISHED GOODS HELD LESS THAN 12 MONTHS AS OF JANUARY 1. $_____

I. TOTAL INVENTORY ON JANUARY 1ST. ADD LINES A. THROUGH H. (SAME AS TOTAL FROM SCHEDULE B) $_____
(Current market value at your level of trade)

J. LESS FREEPORT EXEMPTION: (1 AND 2 BELOW ARE FOR MANUFACTURING OR PRODUCTION BUSINESS)

1. RAW MATERIALS, GOODS IN PROCESS

_____ (From F and G Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

2. FINISHED GOODS OF GA. MANUFACTURER (HELD FOR LESS THAN 12 MO.)

_____ (From H Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

3. FINISHED GOODS DESTINED FOR OUT OF STATE SHIPMENT (FOR WHOLESALE OR DISTRIBUTION BUSINESSES)

_____ (From Section 6C line E Back Page) X* _____ (County Exemption %) = (_____ (Exemption Amount))

* NOTE: COUNTY EXEMPTION % WILL BE 20, 40, 60, 80, OR 100 PERCENT.

K. TOTAL FREEPORT EXEMPTION (ADD 1, 2 AND 3 ABOVE) (ENTER ON PAGE 1 LINE P OF TAX RETURN) $ (– _____)

L. TOTAL TAXABLE INVENTORY AT 100% OF MARKET VALUE AT YOUR LEVEL OF TRADE.(ENTER ON PAGE 1 LINE I OF TAX RETURN) $_____

EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

MANUFACTURING OR PRODUCTION BUSINESSES

6A. 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.

6B. 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. For purposes of this explanation "Finished Goods" shall mean 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.

WHOLESALE OR DISTRIBUTION BUSINESSES

6C. 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.

SUMMARY FOR THIS EXEMPTION: (6C)

A. Total finished goods inventory shipments from this county during the last complete calendar year: _____

B. Total finished goods inventory shipments from this county during the last complete calendar year to an out-of State destination: _____

C. Percentage of out-of State shipments: (B divided by A) _____ %

D. Total finished goods inventory on January 1 of this year: (Exclude inventory stored over (12) months) _____

E. Estimated out-of-State shipments this year: (multiply C times D) Enter under 5.J.3 front page _____

7. If property is exempt under freeport, it is exempt either as covered by category 6A, 6B, 6C. The same property cannot be exempted under more than one of these three categories.

8. PHYSICAL LOCATION OF INVENTORY IN THIS COUNTY. (List)

9. LOCATION OF SUPPORTING BOOKS AND RECORDS PERTAINING TO THIS INVENTORY. (List)

10. NAME AND TELEPHONE NUMBER OF RESPONSIBLE INDIVIDUAL TO CONTACT REGARDING ANY QUESTIONS PERTAINING TO THIS INVENTORY.

NAME_____ PHONE_____

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 there of, 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)

DISPOSITION OF THE COUNTY BOARD OF TAX ASSESSORS DATE_____

-APPROVED-	-DISAPPROVED-

PT - 50 PF

APPLICATION FOR FREEPORT EXEMPTION INVENTORY

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 listed in the due date column above.
NOTE: Most counties do not accept metered mail dates as filing date unless counter stamped by the post office. Be sure that the date of deposit and the postmark date are the same if mailing is close to the deadline.

BUSINESS PHYSICAL LOCATION

IF MAILING ADDRESS OR NAME IS INCORRECT PLEASE CORRECT IN THE SPACE PROVIDED BELOW

NAME:

ADDRESS:

CITY, STATE, ZIP:

In all counties having a filing date of April 1, you may still receive a partial exemption for a late filing. The amount of the exemption you will receive is as follows: April 2 - April 30 (66.67% of the full exemption), May 1- May 31 (58.33%), June 1 (50%).

Failure to file by June 1 shall constitute waiver of the entire exemption for the year (0.0%).

1. DESCRIBE THE TYPE OF BUSINESS:

2. Inventory must be reported at its full cost at level of trade. Full cost must include all freight, burden, overhead, and any other charges incurred from the original state as a raw material to its resting place on January 1.

3. If inventory and exemption are not as of January 1, they must be adjusted to January 1, in accordance with the provisions of Georgia Code 48-5-10.

4. LIST THE METHOD OF INVENTORY VALUATION USED: _____ METHOD OF INVENTORY COST IDENTIFICATION: _____

5. SUMMATION OF TAXABLE INVENTORY:

PLEASE COMPLETE THE FOLLOWING

INVENTORY NOT ELIGIBLE FOR FREEPORT

A. PACKAGING MATERIALS, STAMPING OR SHIPPING SUPPLIES ON HAND AS OF JANUARY 1. $_____

B. OTHER EXPENSED SUPPLIES (i.e. GASOLINE, OFFICE SUPPLIES, etc.) ON HAND AS OF JANUARY 1. $_____

C. SPARE PARTS INVENTORY ON HAND AS OF JANUARY 1. $_____

D. 100% FULL COST OF FINISHED GOODS HELD FOR MORE THAN 12 MONTHS AS OF JANUARY 1. $_____

E. 100% FULL COST OF MERCHANDISE INVENTORY PURCHASED FOR RESALE ON HAND AS OF JANUARY 1. $_____

INVENTORY ELIGIBLE FOR FREEPORT

F. 100% FULL COST OF RAW MATERIALS AS OF JANUARY 1. $_____

G. 100% FULL COST OF GOODS IN PROCESS ON JANUARY 1. $_____

H. 100% FULL COST OF FINISHED GOODS HELD LESS THAN 12 MONTHS AS OF JANUARY 1. $_____

I. TOTAL INVENTORY ON JANUARY 1ST. ADD LINES A. THROUGH H. (SAME AS TOTAL FROM SCHEDULE B) $_____
(Current market value at your level of trade)

J. LESS FREEPORT EXEMPTION: (1 AND 2 BELOW ARE FOR MANUFACTURING OR PRODUCTION BUSINESS)

1. RAW MATERIALS, GOODS IN PROCESS

_____ (From F and G Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

2. FINISHED GOODS OF GA. MANUFACTURER (HELD FOR LESS THAN 12 MO.)

_____ (From H Above) X* _____ (County Exemption %) = (_____ (Exemption Amount))

3. FINISHED GOODS DESTINED FOR OUT OF STATE SHIPMENT (FOR WHOLESALE OR DISTRIBUTION BUSINESSES)

_____ (From Section 6C line E Back Page) X* _____ (County Exemption %) = (_____ (Exemption Amount))

* NOTE: COUNTY EXEMPTION % WILL BE 20, 40, 60, 80, OR 100 PERCENT.

K. TOTAL FREEPORT EXEMPTION (ADD 1, 2 AND 3 ABOVE) (ENTER ON PAGE 1 LINE P OF TAX RETURN) $ (– _____)

L. TOTAL TAXABLE INVENTORY AT 100% OF MARKET VALUE AT YOUR LEVEL OF TRADE.(ENTER ON PAGE 1 LINE I OF TAX RETURN) $_____

EXPLANATION OF WHAT IS EXEMPTED BY FREEPORT

MANUFACTURING OR PRODUCTION BUSINESSES

6A. 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.

6B. 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. For purposes of this explanation "Finished Goods" shall mean 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.

WHOLESALE OR DISTRIBUTION BUSINESSES

6C. 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.

SUMMARY FOR THIS EXEMPTION: (6C)

A. Total finished goods inventory shipments from this county during the last complete calendar year: _____

B. Total finished goods inventory shipments from this county during the last complete calendar year to an out-of State destination: _____

C. Percentage of out-of State shipments: (B divided by A) _____ %

D. Total finished goods inventory on January 1 of this year: (Exclude inventory stored over (12) months) _____

E. Estimated out-of-State shipments this year: (multiply C times D) Enter under 5.J.3 front page _____

7. If property is exempt under freeport, it is exempt either as covered by category 6A, 6B, 6C. The same property cannot be exempted under more than one of these three categories.

8. PHYSICAL LOCATION OF INVENTORY IN THIS COUNTY. (List)

9. LOCATION OF SUPPORTING BOOKS AND RECORDS PERTAINING TO THIS INVENTORY. (List)

10. NAME AND TELEPHONE NUMBER OF RESPONSIBLE INDIVIDUAL TO CONTACT REGARDING ANY QUESTIONS PERTAINING TO THIS INVENTORY.

NAME_____ PHONE_____

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 there of, 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)

DISPOSITION OF THE COUNTY BOARD OF TAX ASSESSORS DATE_____

-APPROVED-	-DISAPPROVED-

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-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-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 - 50A

FROM

MAIL TO

OFFICIAL TAX MATTER

AIRCRAFT PERSONAL PROPERTY TAX RETURN AND SCHEDULES

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)	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: _____

PT - 50A

FROM

MAIL TO

OFFICIAL TAX MATTER

AIRCRAFT PERSONAL PROPERTY TAX RETURN AND SCHEDULES

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)	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: _____

PT - 50A

FROM

MAIL TO

OFFICIAL TAX MATTER

AIRCRAFT PERSONAL PROPERTY TAX RETURN AND SCHEDULES

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)	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: _____

PT-50P

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 not 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 not 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:

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	IINDICATED 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 inventory receiving Freeport Exemption under O.C.G.A. § 48-5-48.2.			
P.	**Freeport Inventory** — Includes inventory receiving exemption Under O.C.G.A. § 48-5-48.2			
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) may be available in your county (exemption of inventory of goods in the process of manufacture or production, finished goods and finished goods stored for out of state shipment). 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

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 not 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 not 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:

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	IINDICATED 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 inventory receiving Freeport Exemption under O.C.G.A. § 48-5-48.2.			
P.	**Freeport Inventory** — Includes inventory receiving exemption Under O.C.G.A. § 48-5-48.2			
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) may be available in your county (exemption of inventory of goods in the process of manufacture or production, finished goods and finished goods stored for out of state shipment). 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

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 not 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 not 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:

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	IINDICATED 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 inventory receiving Freeport Exemption under O.C.G.A. § 48-5-48.2.			
P.	**Freeport Inventory** — Includes inventory receiving exemption Under O.C.G.A. § 48-5-48.2			
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) may be available in your county (exemption of inventory of goods in the process of manufacture or production, finished goods and finished goods stored for out of state shipment). 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