

Transmittal Sheet For Notice Of Intended Action

Control: 810
Rule Nos: 810-4-1-.09
Rule Title: Valuation of Aircraft

Department or Agency: Revenue

New; Amended; Repealed; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that result from the absence of the proposed rule? N/A

Are all the facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule relate to or effect any matter of litigation which the agency is a party to concerning the subject matter of the proposed rule? No

Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency .

Signature of certifying officer
Date 04/20/2022



REC'D & FILED

APR 20 2022

LEGISLATIVE SVC AGENCY

ALABAMA DEPARTMENT OF REVENUE
Property Tax

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-4-1-.09 Valuation of Aircraft

INTENDED ACTION Amended

SUBSTANCE OF

PROPOSED ACTION: Pursuant to the passage of Act 2021-429, this rule is being amended to incorporate the change of aircraft valuation from the county to the Department of Revenue and to provide taxpayers with guidance on filing the required return.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be conducted at **01:30 PM on Tuesday, June 07, 2022** via web-conference. To participate in the upcoming web-conference public hearing please contact the Tax Policy and Governmental Affairs Division at Taxpolicy@revenue.alabama.gov or 334-242-1380 to obtain the appropriate sign-in information for a specific public hearing date. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/tax-policy/>.

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also may present their views during the web-conference.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Tuesday, June 07, 2022

CONTACT PERSON AT AGENCY:

Meagan Barrett

Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380



Mary Martin Mitchell, Secretary
Alabama Department of Revenue

810-4-1-.09 Valuation of Aircraft.

(1) ~~**PURPOSE** – This rule is issued pursuant to the authority contained in Section §40-7-64, Code of Alabama 1975, for the purpose of establishing guidelines and procedures for the valuation of aircraft, except public utility aircraft and commercial air carriers, for ad valorem tax purposes.~~

(2) ~~**PROCEDURES**~~ – To ensure the equitable taxation of aircraft in the State of Alabama, the following procedures shall be used for valuing aircraft as of October 1 of each tax year.:

(a) ~~The Property Tax Division shall provide annual aircraft valuation guides to county tax assessing officials charged with the duty of assessing aircraft. Pursuant to §40-11-6, the department shall value and assess all taxable airplanes, airships, and other aircrafts in accordance with §40-11-1, Code of Ala, 1975.~~

(b) Owners of taxable aircraft based in Alabama shall submit an aircraft return form (ADV-ACR45) to the department either by mail or electronically through the Optional Personal Property Assessment Link (OPPAL), between October 1 and December 31 annually. Aircraft are considered based at the location where they normally depart from and return to, whether the aircraft is in Alabama on the lien date or not.

~~(b)(c) Each county official charged with the duty of assessing aircraft~~ The department shall use the valuation guidelines below each year in the appraisal of aircraft for the purpose of assessing aircraft for ad valorem taxation.

~~(3)~~ (2) GUIDELINES FOR THE ASSESSMENT OF AIRCRAFT SHALL BE:

(a) All aircraft are assessed as Class II property (20% of market value).

(b) The retail value in the valuation guide provided ~~by to the Department of Revenue~~ by a nationally recognized publisher shall be the basis for determining the market value of the aircraft. The market value shall be 89% of the retail value of the aircraft, adjusted for condition, avionics, etc., to arrive at a fair market value.

(c) If the aircraft is not listed in the valuation guide, the purchase price, plus any additional cost for rebuilding or modifications after purchase, Aircraft Blue Book, Trade-A-Plane, other nationally recognized publications or area comparables may be used as a basis of market value. The purchase price, plus any additional cost for rebuilding or modifications after purchase, if used, will be multiplied by the appropriate ten-year economic life composite factor based on year of acquisition and acquisition

cost to calculate market value. The assessed value will be determined by multiplying the calculated market value by 20%. The assessed value shall not go below ~~the~~ \$500 minimum assessed value for aircraft.

(d) Airplanes used exclusively for the purpose of crop dusting are exempt from ad valorem tax. A taxpayer should claim the exemption at the time the property is **assessed reported**.

(e) Aircraft ~~are to be assessed in~~ **assessments will be sent to** the county in which the aircraft is generally based, departs from, and returns to in its normal operation **for collection**. The tax lien attaches to all aircraft with situs in the state on October 1 for collection one year later. If an aircraft is not physically in the state on October 1, this does not mean the aircraft is not taxable for the entire year. If the aircraft is normally kept in the state, even though it may have been out of the state on October 1, it would be taxable.

(f) An aircraft dealer who claims aircraft on the return as inventory should also provide the ~~county~~ **department** with the following information as it relates to the business: Section 315 license number, sales tax resale number, number of sales in the preceding 36 months, ~~other~~ counties in the state where inventory is located, and a detailed listing of the inventory in each county in the state ~~where a return is filed~~, including year, make, model, and N number.

(g) "Kit" or "self-assembled" aircraft shall be valued in accordance with this rule at the time of inspection and approval as airworthy. Prior to inspection and approval as airworthy, the market value will be the total cost of all kit parts multiplied by the appropriate ten year economic life composite factor based on year of acquisition and acquisition cost and the cost multiplied by the appropriate ten year economic life composite factor will be used as the basis of market value each year until the inspection and approval of airworthiness is achieved. Upon inspection and approval of airworthiness, Aircraft Blue Book, Trade-A-Plane, other nationally recognized publications, internet web sites, or area comparables may be used as a basis for market value.

(h) Any aircraft that is reported as not airworthy is subject to property tax on the lien date of October 1 each year. The market value as determined in (3) (b) will be reduced by the cost to cure the aircraft's deficiency. This is the adjusted market value subject to tax. The cost to cure the deficiency will be determined by the ~~appraiser~~ **department** based on:

1. Documented statement from licensed aircraft mechanic.
2. Physical inspection of the aircraft.

(i) Hot Air Balloons shall be valued according to the procedures in the Alabama Personal Property Appraisal Manual, ~~as it may be amended from time to time.~~

(j) Drones owned by a business and/or used in a business activity are subject to ad valorem taxation. The market value of a drone will be the acquisition cost multiplied by the appropriate five-year economic life composite factor based on the acquisition date.

Author: Jennifer Byrd and Evelyn Pope.

Authority: §§ 40-2A-7(a)(5), ~~and~~ 40-7-64, and 40-11-6, Code of Ala. 1975

History: Filed April 6, 1984, effective October 1, 1984.

Amended: Filed January 26, 1998, effective March 2, 1998.

Amended: Filed November 2, 2004, effective December 7, 2004.

Amended: Filed August 4, 2009, effective September 8, 2009.

Amended: Filed September 24, 2015, effective October 29, 2015.

Amended: Filed November 29, 2017, effective January 13, 2018.

Amended: Filed April 20, 2022, effective