

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.

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

(3) 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 the Department of Revenue 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.

(e) Aircraft are to be assessed in the county in which the aircraft is generally based, departs from, and returns to in its normal operation. 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 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 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: Sections 40-2A-7(a)(5) and 40-7-64, Code of Alabama 1975  
History: Original rule 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.