OBS Codes verses VID Codes

What does OBS stand for? OBS stands for the Original Bill of Sale. An OBS code is a county generated code to establish a taxable value of a vehicle. Ideally this code is created by using the original bill of sale at the time of purchase. Occasionally a previous selling price or current market price needs to be researched to establish an OBS Code. A vehicle with an OBS code is depreciated each year based on the State’s Depreciation Table, but the code is always created at the county level. An OBS code always begins with a zero (0) and ends in a letter matching the vehicle type.

What does VID stand for? VID stands for Vehicle Identifier. A VID code is a State generated code that corresponds to a particular vehicle. Each year the State researches vehicle values and matches these values to a vehicle using the VID code. The VID codes always begin with a one (1) and the last character always matches the 10th character of the VIN. A VID code is not unique to just one vehicle, but rather to all vehicles with the same year/make/model/submodel.

VID Codes are usually assigned to normal conforming VINs and vehicles. Non-conforming or specialty built vehicles should be assigned an OBS code. Examples of specialty built vehicles are: chassis/cab trucks, kit or homemade vehicles, commercial chassis vehicles, etc. Non-conforming vehicles that use OBS codes are: recreational vehicles, trailers, buses, commercial tractor/trucks. Also using a temporary OBS code are be vehicles that are not in the State VID file but would normally be located there (GRATIS is the counties’ access to the State VID file).

No value or a questionable value:

If a vehicle has no value on any VID or OBS code, the first option is to check for a correct VID using the ‘F2’ function in the ‘Print Renewal’ screen. This function will update or insert a VID if one has been entered into the system. Many times a wrong body type code or make code was entered at the time a vehicle was titled and because of this the renewal process could not find the vehicle. Using this function will find the VID if available and populate the VID/Value portions of the renewal thus calculating the ad valorem taxes due. If a vehicle has an OBS code with a questionable value this function can be used to confirm that no VID code and value is available for the vehicle.

Many vehicles will not have a VID code assigned to them. These vehicles will need an OBS code assigned to them and this can be done in different areas of GRATIS. For the purpose of this discussion I’m suggesting using the ‘F5’ function in the ‘Print Renewal’ screen. If the customer presents the original purchase price for a vehicle when new, simply enter the purchase price as the value. Select ‘M’ for MSRP and choose the appropriate vehicle type. After you have entered this information put either a ‘P’ or permanent or an ‘O’ for one time next to the newly created OBS code and press ‘F5’ to update the OBS code. Side note – Using ‘P’ will lock out the use of any other code in the future if introduced later. The ‘O’ will only hold the code until the next renewal period and will need to be re-entered, if needed.

Used vehicles can also use the instructions above, but the type value should be ‘F’ for fair market vehicle. The ‘F’ should also be used if we are deriving a current value using other methods such as pricing guides, the internet, estimates from previous year’s values, or other methods used for creating a value.
Current dilemma – While chassis cab or incomplete vehicles should have always been valued based on the bill of sale and an OBS code should have been created, this was rarely done in the past and a VID code was used. Around 2001 these type vehicles were no longer assigned a VID code on newer models and an OBS code had to be created (hopefully using the bill of sale for both the chassis and the body if purchased separately), but the old VID codes and their values were retained to avoid confusion. The 2007 chassis cab values are being replaced; however, until complete an OBS code will be needed to complete the collection of ad valorem taxes. This is easily done by using the ad valorem tax collection screen (option “14”) and finding the VID value from last year. Multiply last year’s value by 2.5 to get last year’s fair market value. If the vehicle is 1994 or newer depreciate this value by multiplying by .95 for a 5% reduction or .90 for a 10% reduction (use the factor which is approved by your supervisor, but decide on one factor and use it for all taxpayers). This will create the current fair market value and an OBS code can be created using the instructions for a used vehicle above. Make sure you make the new OBS code permanent in case the vehicle’s VID and value cannot be retrieved.

Valuation Trends

Many times we are asked exactly how the State arrives at the assessed values for vehicles. Remember the State only values vehicles with a VID code, those with OBS codes are based on the depreciation table and the value depends on the accuracy of the code. VID valued vehicles are based on an average of wholesale and retail values published in nationally recognized guides as of January 1, of the taxable year. Why January 1? Georgia law states that all property subject to taxation shall be taxed based on the property’s fair market value on the 1st day of the taxable year.

Vehicle values are based on market conditions, the economy, product demand, and other factors which tend to drive the automotive market. Recently with the extreme increase of fuel prices, the demand of vehicles has made a sudden shift. Previously large vehicles like full sized trucks, SUVs, vans, etc. were extremely popular both new and used. While smaller economy vehicles had a limited market mainly of first time buyers or those limited in their vehicle purchase. But when fuel prices approached and exceeded $3.00 a gallon many large vehicle purchasers parked or sold those vehicles and opted for smaller more economical vehicles. Many of the large vehicle owners did not choose to sell those vehicles, but rather look for used economy cars in the 5 to 8 year age range. What does this mean? Most of the economy vehicles 5 years or older saw very little if any decrease of value over the past 2 years (in fact many of these vehicles have lost less than $100 in total value over this period). Larger vehicles that normally retained high resale values have seen values fall dramatically. For example, three years ago a two year old Tahoe retained about 85% of its new value. Today a two year old Tahoe has nearly a 70% resale value. The motorcycle market and mid to full sized vehicles have remained fairly stable in this time period and have depreciated in a similar matter as in the past.
Why have some trucks increased in value? Two years ago we contracted with Black Book USA to provided valuations to the State. Black Book has long been recognized as the industry standard and the ‘true’ guide used by almost all automobile dealers (the NADA is the displayed guide, but the Black Book is used behind the counter). And while their services have been very valuable to our office, their valuation tool does have some glitches. While the program uses the VIN to identify the year/make/model/submodel of a vehicle and they have accurate values based on this information, some optional equipment has to be manually added. In most cases these options only amount to a very minimum amount of valuation over time. But in the case of trucks, an engine option can make a dramatic difference in the vehicle’s value. This is no where more obvious than with diesel engines in trucks that offered this as an option. When new a turbo diesel engine can range from $4,500 to over a $10,000 difference in value. This difference is substantial when new, but the difference is even greater in vehicles over 5 years of age. Since diesel engines usually last 2 or 3 times longer than a gasoline equivalent, and they routinely achieve 30% or better fuel economy, they retain much higher resale values than gasoline versions. When detected last year, the diesel engine option was not used, but it was added back this year. Thus the last two years’ values were inaccurate and based on a gasoline version of the truck. The last year for a correct value was 2004; therefore the 2007 value compares to the 2004 value, not the 2005 or 2006 values.

An example can be found with a 1999 Ford F250 2wd crew cab. The gasoline model has a taxable value of $3,190 but the diesel model has a correct value of $4,730. In 2006 both versions had a value of $3,560 and the 2005 values were $4,010. But in 2004 the gasoline model was $5,150 verses the diesel model’s $6,130 value. As you can see the gasoline model has followed a fairly straight depreciation, but the diesel model took a big drop in 2005 even though diesel models retain a higher resale value. This was not realized until after the first 2006 renewals, so the correction had to wait until the 2007 values.

Appeals – Any vehicle owner wishing to contest the value of their vehicle, regardless of the reason, must do so through the appeal process at the Tax Assessor’s Office. An appeal does not need to be filed if it is found the vehicle’s value was in error due to an incorrect OBS code or the incorrect VID code was assigned to the vehicle. This can be corrected by authorized users.

Tax Exempt Vehicles

Vehicles used for driver education:

O.C.G.A., 48-5-470, exemption of driver educational motor vehicles from ad valorem taxation
Statute text:
“Driver educational motor vehicles are declared to be public property used exclusively for public purposes and are exempted from any and all ad valorem taxes imposed by any tax jurisdiction in this state.”

Vehicles used to transport persons with disabilities to school.

O.C.G.A.48-5-470.1, exemption of motor vehicles used for transporting persons with disabilities or disabled students to or from educational institutions
Statute text:
“All motor vehicles owned by a school or educational institution and used principally for the purpose of transporting persons with disabilities or disabled students to or from such school or educational institution are exempted from any and all ad valorem taxes imposed by any tax jurisdiction in this state. The exemption provided for in this Code section shall apply only when such school or educational institution is
qualified as an exempt organization under the United States Internal Revenue Code, Section 501(c)(3), as such section exists on January 1, 1984.”

**Vans and buses owned by religious groups:**

O.C.G.A. 48-5-470.2, exemption of vans and buses owned by religious groups  
Statute text:  
“Vans and buses owned by religious groups and used exclusively for the purpose of maintaining and operating exempt properties owned by such groups or for the exclusive purpose of transporting individuals to religious services or trips sponsored by such religious groups designed to promote religious, educational, or charitable purposes and not for the purposes of producing private or corporate profit and income distributable to shareholders in corporations owning such property or to other owners of such property or for any private purposes are exempted from any and all ad valorem taxes imposed by any tax jurisdiction in this state.”

**Vehicles in dealer’s inventory held for resale purposes:**

O.C.G.A. 48-5-472, ad valorem taxation of motor vehicles owned and held by dealers for retail sale  
Statute text:  
“(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.”

**Disabled Veterans that qualify for the ‘HV’ tag are not taxed on the vehicle that they own or lease that displays the ‘HV’ tag.**

O.C.G.A 48-5-478, constitutional exemption from ad valorem taxation for disabled veterans  
Statute text:  
“A motor vehicle owned by or leased to a disabled veteran who is a citizen and resident of Georgia and on which such disabled veteran actually places the free disabled veteran motor vehicle license plate he or she receives from the State of Georgia is hereby exempted from all ad valorem taxes for state, county, municipal, and school purposes. The term ‘disabled veteran,’ as used in this code section, means any wartime veteran who was discharged under honorable conditions and who has been adjudicated by the United States Department of Veterans Affairs as being 100 percent totally and permanently disabled and entitled to receive service-connected benefits and any veteran who is receiving or who is entitled to receive a statutory award from the United States Department of Veterans Affairs for:  

(1) Loss or permanent loss of use of one or both feet;  
(2) Loss or permanent loss of use of one or both hands;
(3) Loss of sight in one or both eyes;
(4) Permanent impairment of vision of both eyes of the following status: Central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends on angular distance no greater than 20 degrees in the better eye.”

**Former prisoners of war and the unremarried surviving spouse of a deceased former prisoner of war are exempt from ad valorem tax on one vehicle that is owned.** A special tag is not required for this exemption but this exemption does not include leased vehicles.

O.C.G.A. 48-5-478.1, ad valorem taxation; exemption of certain motor vehicles owned by former prisoners of war
Statute text:
(a) “As used in this Code section, the term ‘prisoners of war’ shall have the same meaning as provided for in subsection (a) of Code Section 40-2-73, as amended.
(b) Any former prisoner of war who is a citizen and resident of Georgia and who attaches or presents a true copy of a Department of Defense Form 214, a military 201 file, or similar sufficient proof of his or her former prisoner of war status with his or her ad valorem tax return is granted an exemption from all ad valorem taxes for state, county, municipal, and school purposes on one vehicle such former prisoner of war owns.
(c) The unremarried surviving spouse of a deceased former prisoner of war who is a citizen and resident of Georgia and who attaches or presents a true copy of a Department of Defense Form 214, a military 201 file, or similar sufficient proof of the former prisoner of war status of the deceased former prisoner of war with his or her ad valorem tax return is granted an exemption from all ad valorem taxes for state, county, municipal, and school purposes on one vehicle such unremarried surviving spouse owns.”

**Veterans who have received the Purple Heart citation are exempt from ad valorem tax on one vehicle owned or leased, and the ‘PH’ tag is displayed.**

O.C.G.A. 48-5-478.2, veterans awarded the Purple Heart are exempt from ad valorem taxes provided license plate is issued under code section 40-2-84.
Statute text:
“A single motor vehicle owned by or leased to a veteran of the armed forces of the United States who has been awarded the Purple Heart citation and who is a citizen and resident of Georgia and on which such veteran actually places a motor vehicle license plate he or she receives from the State of Georgia pursuant to Code Section 40-2-84 is hereby exempted from all ad valorem taxes for state, county, municipal, and school purposes.”

**Veterans who have received the Medal of Honor are exempt from ad valorem tax on one vehicle owned or leased that displays the ‘MH’ tag.**

O.C.G.A. 48-5-478.3, tax exemption for veterans awarded Medal of Honor
Statute text:
“A single motor vehicle owned by or leased to a veteran of the armed forces of the United States who has been awarded the Medal of Honor and who is a citizen and resident of Georgia and on which such veteran actually places a motor vehicle license plate he or she receives from the State of Georgia pursuant to Code Section 40-2-68 is hereby exempted from all ad valorem taxes for state, county, municipal, and school purposes.”

Veterans’ Organizations are exempt from ad valorem tax on one vehicle which is owned by or leased to the organization.

O.C.G.A. 48-5-478.4, exemption from ad valorem taxes for motor vehicle owned by veterans’ organization
Statute text:
(a) “As used in this Code section, the term 'veterans organization' means any organization or association chartered by the Congress of the United States which is exempt from federal income taxes but only if such organization is a post or organization of past or present members of the armed forces of the United States organized in the State of Georgia with at least 75 percent of the members of which are past or present members of the armed forces of the United States, and where no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(b) A single motor vehicle owned by or leased to a veterans’ organization is hereby exempted from all ad valorem taxes for state, county, municipal, and school purposes.”

Vehicles owned by nonresident members of the armed services and one vehicle that are jointly owned by the military personnel and their spouse are exempt from ad valorem taxes. This does not apply to leased vehicles.

O.C.G.A. 48-5-471, motor vehicles subject to ad valorem taxation
Statute text:
(c) “(1) Any motor vehicle wholly owned in this state by a nonresident member of the armed forces of the United States temporarily stationed in this state as a result of military orders shall not acquire a tax situs in this state and such motor vehicle shall not be required to be returned for taxation in this state. Not more than one motor vehicle jointly owned by such member of the armed forces of the United States together with such member’s nonresident spouse, when such nonresident spouse temporarily resides in this state at the temporary domicile of such member of the armed forces of the United States for the primary purpose of residing together as a family with such member of the armed forces of the United States, shall not acquire a tax situs in this state and such motor vehicle shall not be required to be returned for taxation in this state.”

Vehicles owned by charitable or non-profit organizations:

Currently there is no Georgia law which exempts vehicles from ad valorem taxes for charities or non-profit groups. Many of these organizations will assume the exemption of motor vehicles for them is set forth in O.C.G.A. 48-5-41(D) which exempts them from most tangible property tax. But O.C.G.A. 48-5-441 identifies motor vehicles and mobile homes (now referred to as manufactured homes) “as a separate and distinct class of tangible property for tax purposes”. There are a few charitable and non-profit organizations researching this law with their attorneys and they may introduce a case to the court in the near future. A few organizations have stated they plan to pursue a change in the law through legislation as well. We will keep the counties posted if this law changes or a judicial decision is made changing the current reading of the law.
Odds and Ends

Functionally Located Vehicles – In July 2006 House Bill 1236 became effective which allowed vehicles to be registered in the county in which the vehicle was actually located instead of the county in which the owner resided. This law does not apply to vehicles owned by a business or used by college students. An owner of a vehicle is still required to pay all current ad valorem taxes at the county in which they reside. If their vehicle is located in another Georgia county for 184 days or more in the past year, they can request a functionally located address where the vehicle is located. They must sign an affidavit stating this fact, but after completing the affidavit they will be directed to the County tag office where the vehicle is located to complete the registration process. Business owned vehicles are taxed and registered in the county they are located just as they are now and a second address is used to indicate this.

Apportionment – Commercial vehicles registered under International Registration Plan are subject to apportionment based on their submitted mileage reports. Owners who submit their reports to IRP on a timely basis will have their assessed valuation apportioned on their renewal notice. Late filers may have their mileage on GRATIS at the time they pay their ad valorem taxes. The county agent will need to select ‘N’ for ‘Collect IRP 100%’ if mileage is reported for that year. If no mileage is recorded, the taxpayer will need to provide the documentation to the county agent for the taxes to be apportioned. The clerk will then enter the mileage and select ‘N’.

IRP Vehicle Purchases – If an owner or company purchases a new truck and registers through IRP, then they are required to acquire a plate to operate that vehicle through IRP. But, in order for IRP to be assured the county is not due ad valorem taxes on the newly acquired vehicle, IRP requires this be indicated in GRATIS. This requires the county to proceed to option ‘14’ the ‘Ad Valorem Tax Collection’ screen and place a ‘Y’ on the appropriate year for ‘Taxes Not Due’. If the vehicle was purchased in the current year and the annual renewal date is later in the year requiring ad valorem taxes to be paid, then select the past year for the ‘Taxes Not Due’ option. If no ad valorem taxes will be due in the current year, then select the ‘Taxes Not Due’ for both the current year and the past year.

How to read a VIN pattern – The Vehicle Identification Number placed on all vehicles produced since 1981 by the manufacture follows a similar pattern and should always be 17 characters long. Vehicles manufactured for sale in other countries other than the United States may have a different structure as well as vehicles produced by very low volume producers.

The first three characters are standard for all makes and identify the country, manufacturer, and division of the manufacturer for the vehicle. The fourth through eighth characters are used by the manufacturer to identify the model, weight, engine size, safety restraints, body type, transmission type, and/or model series. This will vary from manufacturer to manufacturer. The ninth character is always a vehicle check digit. This character will always be 0-9 or X and is a very complicated process to determine based on a weighted mathematical scale using the other characters in the VIN. The tenth character always represents the year model and will always match the sixth character in the VID created by the Department of Revenue (great for confirming a VID’s accuracy). The eleventh character is almost always used to identify which of the manufacturer’s plants produced the vehicle. Finally the twelfth through seventeenth characters are sequential assembly numbers, which help the manufacturer keep track of their yearly production.
Usually, if the first character is a number, this means the vehicle was assembled somewhere in the Americas; meaning the vehicle was produced either in Canada, United States, Mexico, or Central or South America. If the first character is a letter, then the vehicle was produced somewhere overseas. The second digit is normally for the manufacturer but does not necessarily represent the first character of the manufacturer (example: Honda can be ‘H’ or ‘9’ or ‘P’ for the vehicle lineup). The third character is usually an interoffice code used by the manufacturer for parts and service departments.

The following is a list of VIN characters used in the tenth position to identify the year of a vehicle:

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<td>A</td>
<td>2010</td>
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Notes: