

ASSESSORS' HANDBOOK
SECTION 581

EQUIPMENT AND FIXTURES INDEX, PERCENT
GOOD AND VALUATION FACTORS

JANUARY 2018

(USE FOR LIEN DATE JANUARY 1, 2018)

CALIFORNIA STATE BOARD OF EQUALIZATION

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DAVID GAU, EXECUTIVE DIRECTOR



TABLE 1: COMMERCIAL EQUIPMENT INDEX FACTORS

2017 Cost = 100	
<i>Year</i>	<i>Average</i>
2017	100
2016	103
2015	102
2014	103
2013	105
2012	106
2011	108
2010	112
2009	111
2008	114
2007	118
2006	124
2005	129
2004	138
2003	142
2002	144
2001	145
2000	146
1999	149
1998	149
1997	150
1996	153
1995	155
1994	160
1993	165
1992	169
1991	171
1990	175
1989	179
1988	188
1987	196
1986	200
1985	202
1984	205
1983	211
1982	215
1981	225
1980	247
1979	269
1978	294

This table is intended for use in the mass appraisal of equipment and fixtures when determining value for taxation purposes. However, relevant data pertinent to the assessment of a specific property should always be reviewed and considered.

TABLE 4: MACHINERY AND EQUIPMENT PERCENT GOOD FACTORS
Individual Properties—Average Service Life—5.25% Rate of Return

Year																								Year			
Acq'd	AGE	3	4	5	6	7	8	9	10	11	12	13	14	15	17	18	20	22	25	30	35	40	AGE	Acq'd			
2017	1	67	75	80	84	87	89	90	91	92	93	94	94	95	96	96	97	97	98	98	99	99	1	2017			
2016	2	37	52	61	68	73	77	80	82	84	86	87	88	89	91	92	93	94	95	96	97	98	2	2016			
2015	3	16	32	44	53	60	65	70	73	76	79	81	82	84	87	88	89	91	93	95	96	97	3	2015			
2014	4	6	17	29	39	47	54	60	64	68	71	74	76	78	82	83	86	88	90	93	94	96	4	2014			
2013	5		8	17	27	36	44	50	55	60	64	67	70	73	77	79	82	84	87	91	93	94	5	2013			
2012	6		3	10	17	26	34	41	47	52	57	61	64	67	72	74	78	81	84	88	91	93	6	2012			
2011	7			5	11	18	25	32	39	45	50	54	58	61	67	70	74	77	81	86	90	92	7	2011			
2010	8			1	7	12	18	25	31	37	43	48	52	56	62	65	70	74	78	84	88	91	8	2010			
2009	9				3	8	13	19	25	31	36	41	46	50	57	60	66	70	75	82	86	89	9	2009			
2008	10					4	9	14	19	24	30	35	40	45	52	56	61	66	72	79	84	88	10	2008			
2007	11					1	6	10	15	20	25	30	35	39	47	51	57	63	69	77	83	87	11	2007			
2006	12						3	7	11	15	20	25	29	34	43	46	53	59	66	75	81	85	12	2006			
2005	13							4	8	12	16	21	25	29	38	42	49	55	63	72	79	84	13	2005			
2004	14								2	6	9	12	16	21	25	34	38	45	51	59	70	77	82	14	2004		
2003	15									3	7	10	13	17	21	30	33	41	48	56	67	75	80	15	2003		
2002	16									1	4	8	11	14	18	26	29	37	44	53	64	73	79	16	2002		
2001	17										2	5	8	12	15	22	26	33	40	50	62	71	77	17	2001		
2000	18											3	7	9	13	19	23	30	37	46	59	68	76	18	2000		
1999	19											1	5	7	10	16	19	27	34	43	56	66	74	19	1999		
1998	20												2	5	9	14	17	24	30	40	54	64	72	20	1998		
1997	21													4	7	12	14	21	27	37	51	62	70	21	1997		
1996	22													2	4	10	13	18	25	34	48	60	68	22	1996		
1995	23														3	8	11	16	22	31	45	57	66	23	1995		
1994	24														1	7	9	14	20	29	43	55	65	24	1994		
1993	25															5	7	13	17	26	40	53	63	25	1993		
1992	26																3	6	11	16	24	38	50	61	26	1992	
1991	27																1	4	9	13	22	35	48	59	27	1991	
1990	28																	2	8	12	20	33	46	57	28	1990	
1989	29																	1	6	10	18	30	43	55	29	1989	
1988	30																		4	9	16	28	41	53	30	1988	
1987	31																		3	7	15	26	39	51	31	1987	
1986	32																		1	6	13	24	37	49	32	1986	
1985	33																			5	12	23	35	46	33	1985	
1984	34																			3	10	21	33	45	34	1984	
1983	35																				2	9	19	31	42	35	1983
1982	36																				7	18	28	41	36	1982	
1981	37																				6	16	27	38	37	1981	
1980	38																				4	14	25	37	38	1980	
1979	39																				3	14	24	35	39	1979	
1978	40																				2	12	22	33	40	1978	

No Minimum Percent Good Intended

This table is intended for use in the mass appraisal of equipment and fixtures when determining value for taxation purposes. However, relevant data pertinent to the assessment of a specific property should always be reviewed and considered.



STATE BOARD OF EQUALIZATION

Assessment Standards Division
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E. L. SORENSEN, JR.
Executive Director

No. 96/30

May 8, 1996

TO COUNTY ASSESSORS AND COUNTY ASSESSMENT APPEALS BOARDS:

THE USE OF ASD INTERNAL GUIDELINES

The Assessment Standards Division's (ASD's) internal guidelines, formerly known as Policies and Procedures, were developed by ASD to provide staff with guidelines to follow when sampling the counties' local assessment rolls. It is ASD policy that all ASD auditor appraisers and real property appraisers adhere to the internal guidelines unless they have support for variance from these guidelines.

The primary purpose of any distribution of Assessment Standards Division internal guidelines to county assessors was to notify assessors of the guidelines ASD staff follows when sampling county local assessment rolls. In some cases, such as the Schedule for Economic Lives of Machinery and Equipment (formerly known as Policy and Procedures No. 10), it was provided to county assessors as a guide of economic lives to use if an assessor had insufficient information or staffing to develop local estimates of appropriate economic lives. The economic lives provided in what was previously known as Policy and Procedures No. 10, and any subsequent revisions, were based on the knowledge and experience of ASD's auditor appraisers, opinions of assessors and their staffs, and information from various industry sources. In most cases they were not based on actual studies of the average service lives of any of the listed groups of equipment.

County assessors are not required to follow the internal guidelines issued for ASD staff. Internal guidelines do not have the authority of a Property Tax Rule, Letter To Assessor, or Assessors' Handbook because they are not reviewed and approved by the elected Board of Equalization Members. They were developed for use by ASD staff throughout the state for typical situations and may not represent the best available local information for a specific appraisal question.

ASD's internal guidelines are not to be cited as an authority in assessment appeals hearings. An assessment appeals case should be decided by applying the appropriate property tax statutes, regulations, court rulings, and sound appraisal practice to the pertinent information available for the situation in dispute.

If you have any questions, please contact our Technical Services Section at (916) 445-4982.

Sincerely,

J. E. Speed
Acting Deputy Director
Property Taxes Department

JES:rfs

Issue Paper Number 08-009



- ☐ Board Meeting
- ☐ Business Taxes Committee
- ☐ Customer Services and Administrative Efficiency Committee
- ☐ Legislative Committee
- ☒ Property Tax Committee
- ☐ Other

Procedures for Property Tax Valuation Factor Studies, and Economic Lives in Assessors' Handbook Section 581

I. Issue

What petition procedures and guidelines should the Board adopt for future property tax valuation factor studies, and should Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*, contain economic lives?

II. Alternative 1 - Staff Recommendation

Staff recommends that:

- (a) The petition procedures (Attachment A) and guidelines (Attachment B) for future property tax valuation factor studies be adopted by the Board; and
- (b) That the economic lives (Attachment C) for various equipment categories be included in future revisions of Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*.

III. Other Alternative(s) Considered

None

IV. Background

Under Government Code section 15606, the Board is charged with the duty of preparing and issuing instructions to county assessors designed to promote uniformity throughout the state in the assessment of property for purposes of taxation. Additionally, pursuant to Revenue and Taxation Code section 401.5, the Board is required to issue data to county assessors relating to costs of property and other information as, in the judgment of the Board, will promote uniformity in appraisal practices and assessed values in California.

The Board is currently involved in three studies to determine if valuation factors recommended in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors* (AH 581), should be updated. The current studies involve (1) biopharmaceutical equipment and fixtures, (2) semiconductor manufacturing equipment, and (3) non-production computers. These studies were a result of BCP No. 6 (2006-2007) which provided two-year limited term funding for additional positions to conduct these studies.

In recent months, the Board has been requested to conduct valuation factor studies for additional categories of equipment. At its June 24, 2008 meeting, the Board directed staff to reallocate existing resources to conduct future valuation factor studies, and to develop procedures for these studies and to present the procedures at the August 2008 Property Tax Committee meeting for discussion. (Staff's proposed petitions procedures and valuation factor study guidelines are presented in Attachments A and B.)

The results of future valuation factor studies will be included in the annual publication of AH 581. AH 581 is published for county assessors to use as a guide in the mass appraisal of personal property and fixtures. Among other data, AH 581 contains several tables of equipment index, percent good, and valuation factors that aid in the mass appraisal of various types of personal property and fixtures.

Generally, the valuation of personal property is based on the acquisition cost of the property. The acquisition cost is applied to a price index (an inflation trending factor based on the year of acquisition) to provide an estimate of its reproduction cost new. The reproduction cost new is then applied to a percent good factor (complement of depreciation) to provide an estimate of the depreciated reproduction cost of the property (reproduction cost new less depreciation). The reproduction cost new less depreciation represents the taxable fair market value of the property. To illustrate the valuation process, an example is shown below:

YEAR OF ACQUISITION	COST	INDEX FACTOR	REPRODUCTION COST NEW	PERCENT GOOD	REPRODUCTION COST LESS NORMAL DEPRECIATION
2004	\$1,000	1.17	\$1,170	.73	\$853

The Board has been criticized for failure to recommend economic lives so that users will be able to determine which percent good factors in AH 581 to use to determine the taxable fair market value for the various categories of property/equipment. Until 1996, Board staff had internal guidelines (commonly referred to as Policy 10) for economic lives that were provided to county assessors as a guide for economic lives to use if a county assessor had insufficient information to develop local estimates of appropriate economic lives. The economic lives in Policy 10 were based on the knowledge and experience of the Board's auditor-appraisers, opinions of county assessors and their staffs, and

information from various industry sources. In most cases, the economic lives were not based on actual studies of the average service lives of any of the listed groups of equipment.

In 1996, in essence, the Policy 10 recommended economic lives were withdrawn (Letter To Assessor 96/30). County assessors and assessment appeals boards were advised that the Policy 10 guidelines were not to be cited as an authority in assessment appeals hearings.

To fill the void created by the withdrawal of the Policy 10 recommended economic lives, the California Assessors' Association (CAA) developed recommended economic lives. These lives are updated annually and posted to the CAA's website for use by all county assessors. Board staff has not participated in the process to develop the CAA recommended economic lives.

In view of the increasing interest by industry that the Board become more involved in developing data for county assessors' use in valuing personal property/equipment, and the Board's direction to conduct studies to make the data contained in AH 581 as factual as possible, staff believes that the January 2009 revision of AH 581 should contain recommended economic lives. (Staff's proposed economic lives are presented in Attachment C.)

V. Alternative 1 - Staff Recommendation

Staff recommends that:

- (a) The petition procedures (Attachment A) and guidelines (Attachment B) for future property tax valuation factor studies be adopted by the Board; and
- (b) That the economic lives (Attachment C) for various equipment categories be included in future revisions of Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*.

A. Description of Alternative 1

- (a) The petition procedures (Attachment A) and guidelines (Attachment B) for future property tax valuation factor studies were developed to provide guidance to industry in identifying, gathering, and verifying data to submit to Board staff for the purpose of conducting a valuation study of their personal property/equipment. The procedures/guidelines will enable industry to make a determination of:
 - Whether they qualify for a study of their property/equipment;
 - How many members of their industry must be willing to participate in the study;
 - What type of data will be required for the study; and
 - How much verifiable data will be required for the study.

The petition procedures and guidelines encompass "lessons learned" from the recent property tax valuation factor studies conducted by Board staff.

- (b) The economic lives (Attachment C) for various equipment categories are primarily those developed by the CAA for use by county assessors in mass appraisal programs designed to derive the market value of personal property/equipment within a band of value that meets California property assessment appraisal standards. The CAA developed these economic lives when Board staff rescinded its former recommended lives (Policy 10).

Subsequent to the adoption of the economic lives by the CAA, in January 2000, Property Tax staff conducted an in-depth analysis of the CAA recommended economic lives. Two publications were primarily used for this analysis: *Marshall Valuation Service* and *Internal Revenue Service Publication 946*. For comparison, the economic lives published in *Marshall Valuation Service* and *IRS Publication 946* were added to a spreadsheet that contained the CAA lives. Both publications contain fewer categories of equipment than the categories listed by the CAA. However, economic lives listed for industries included in *Marshall Valuation Service* and *IRS Publication 946* could be applied directly to similar business categories listed by the CAA. Additionally, the analysis of the CAA recommended economic lives included research on valuation tables (or studies of specific types of property) used by Arizona, Idaho, Oregon, Utah, and Washington.

The conclusion of Property Tax staff was that the economic lives recommended by the CAA were within or close to the range recommended by the publications reviewed.

Staff recommends that the economic lives (Attachment C) be included in the January 2009 revision of AH 581. These lives will represent a "starting point" since it is impossible for Board staff to conduct an in-depth living study on every category of property/equipment. Thereafter, proposed changes to lives will be recommended to the Board during the annual adoption of AH 581 (usually in November). Changes to lives will be recommended by staff as a result of:

- Data as an outcome of a validated study conducted by Board staff, county staff, or industry.
- Data as an outcome of validated evidence presented at county assessment appeals boards by county staff or industry that results in one or more appeals boards making a decision regarding the economic life on a category of property/equipment contained in AH 581.

As is indicated throughout the text of AH 581, the data contained in the handbook are intended as a *guide* for county assessors in the mass appraisal of personal property/equipment. County assessors are required by law to determine the market value of property. If data obtained by a county assessor, whether through a study conducted by the assessor's staff or by information submitted to the county assessor by the taxpayer, indicates a conclusion other than that in AH 581, the county assessor should base his/her value conclusion on the pertinent, verifiable market data available.

B. Pros of Alternative 1

Adoption of Alternative 1 will ensure equal treatment of industries that petition Board staff for valuation studies of their property/equipment by applying the petition procedures and guidelines uniformly. Additionally, adoption of the recommended economic lives will (1) make AH 581 a complete guide for county assessors when valuing personal property/equipment; and (2) will help to ensure that taxpayers' properties are valued in a similar manner throughout California.

C. Cons of Alternative 1

Only a portion of the economic lives recommended in Alternative 1 are the result of an in-depth living study. The remaining economic lives were developed from (1) auditor-appraiser knowledge, (2) information gathered by various counties when valuing property, and (3) the results of county assessment appeals hearings.

D. Statutory or Regulatory Change for Alternative 1

None

E. Operational Impact of Alternative 1

None

F. Administrative Impact of Alternative 1

1. Cost Impact

None

2. Revenue Impact

It is anticipated that there would be little if any revenue impact if Alternative 1 (Attachment C) is adopted since it would result in validating procedures currently recommended by the California Assessors' Association and used by most, if not all, county assessors.

G. Taxpayer/Customer Impact of Alternative 1

It is anticipated that there would be little if any impact to taxpayers if Alternative 1 (Attachment C) is adopted since it would result in validating procedures currently recommended by the California Assessors' Association and used by most, if not all, county assessors.

H. Critical Time Frames of Alternative 1

The economic lives discussed in Alternative 1 (Attachment C) would be published in AH 581. AH 581 is adopted by the Board annually, generally at its November Board meeting. In order for Board staff to incorporate revisions to AH 581 in the event the Board adopts Alternative 1, it is desirable that a decision be made at the August 2008 Board meeting.

Preparer/Reviewer Information

Prepared by: Property and Special Taxes Department; County-Assessed Properties Division

Current as of: July 31, 2008



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Executive Director

No. 2008/056

October 2, 2008

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ECONOMIC LIVES IN ASSESSORS' HANDBOOK SECTION 581

Board staff is exploring the possibility of including in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors* (AH 581), economic lives for various equipment categories. Generally, the valuation of personal property in California is based on the acquisition cost of the property. The acquisition cost is applied to a price index (a price trending factor based on the year of acquisition) to provide an estimate of its reproduction cost new. The reproduction cost new is then applied to a percent good factor (complement of depreciation) to provide an estimate of the depreciated reproduction cost of the property (reproduction cost new less depreciation). The reproduction cost new less depreciation represents the taxable fair market value of the property.

Currently, AH 581 does not contain economic lives which would allow users to be able to determine which percent good factors in AH 581 to use to determine the taxable fair market value for the various categories of property/equipment. Enclosed is a draft table containing proposed economic lives for inclusion in AH 581. Interested parties are invited to provide comments regarding the proposal to include the enclosed economic lives in AH 581. Comments should be provided by October 24, 2008 to Sherrie Kinkle at sherrie.kinkle@boe.ca.gov or mailed to the above address. It is anticipated that an interested parties meeting will be held on November 5, 2008 at the Board's headquarters in Sacramento to discuss this issue.

If you have questions regarding this project, you may contact Ms. Kinkle at 916-322-2921.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk
Enclosure

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ECONOMIC LIVES IN ASSESSORS' HANDBOOK SECTION 581

Board staff proposes that the following economic lives be included in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors* (AH 581). These lives will represent a "starting point." Thereafter, staff will meet with interested parties on an ongoing basis to discuss the lives and make necessary adjustments. Proposed changes to lives will be recommended to the Board during the annual adoption of AH 581. Changes to lives will be recommended by staff as a result of:

- Data as an outcome of a validated study conducted by Board staff, county staff, or industry.
- Data as an outcome of validated evidence presented at county assessment appeals boards by county staff or industry that results in one or more appeals boards making a decision regarding the economic life on a category of property/equipment contained in AH 581.

As indicated throughout the text of AH 581, the data contained in the handbook are intended as a **guide** for county assessors in the mass appraisal of personal property/equipment. County assessors are required by law to determine the market value of property. If data obtained by a county assessor, whether through a study conducted by the assessor's staff or by information submitted to the county assessor by the taxpayer, indicates a conclusion other than that in AH 581, the county assessor should base his/her value conclusion on the pertinent, verifiable market data available.

ECONOMIC LIVES AND VALUATION TABLE

CATEGORY	ECONOMIC LIFE (YEARS)	INDEX FACTOR TABLE	PERCENT GOOD TABLE
Aerospace Industry—Airframe Manufacturing Machinery	12	2	4
Agriculture—Farm	15	3	4
Agriculture—Mobile	See Tables	3	6
Amusement (e.g., Miniature Golf)	10	1	4
Amusement—Theme Park	15	1	4
Apartment Equipment and Furniture	8	1	4
Apparel Manufacturing	12	2	4
ATM—Composite	12	1	4
ATM—Only	10	1	4
Automotive Repair and Service	10	1	4
Bakery—Small	15	1	4
Bakery—Large	15	1	4
*Bank Fixture—Composite	15	1	4
*Bank Fixture—Category 1, Counter Line, etc.	15	1	4
*Bank Fixture—Category 2, Sign, Camera, etc.	10	1	4
*Bank Fixture—Category 3, Carpet, Drapes, etc.	8	1	4
*Bank Fixture—Category 5, Vault Door, Night Deposit	40	1	4
*Bank Fixture—Category 6, Drive-Up Window, etc.	20	1	4

* Category descriptions are from BOE-571 alternate Schedule A. If no property detail is provided, use the composite.

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CATEGORY	ECONOMIC LIFE (YEARS)	INDEX FACTOR TABLE	PERCENT GOOD TABLE
Barber Shop	12	1	4
Batch Plant—Concrete and Asphalt	20	2	4
Beauty Salon	12	1	4
Billiard Room	15	1	4
Blue Printing and Map Making	12	2	4
Book Binder	15	2	4
Bottling Plant—Other than Brewery	15	2	4
Bowling Alley	15	1	4
Brewery	15	2	4
Brick, Sewer Pipe, Terra Cotta, and Tile Manufacturing	17	2	4
Cannery	17	2	4
Car Wash	12	1	4
Cargo Container	20	1	4
Cement Manufacturing	20	2	4
Chemicals and Allied Product Manufacturing—Other than Refineries	15	2	4
Cocktail Lounge, Bar, and Saloon	12	1	4
Cogeneration Power Plant	20	2	4
Construction—Mobile	See Tables	3	5
Construction—Demolition Contractor	12	3	4
Cotton Gin	15	3	4
Dairy	15	3	4
Dental Laboratory	12	1	4
Dentist	12	1	4
Dry Cleaner	15	1	4
Electronic Equipment Manufacturing	10	2	4
Fab Metal Product Manufacturing Supplier	15	1	4
Facsimile	6	Untrended	4
Food Processing	15	2	4
Forklift	10	1	4
Furniture Manufacturing and Wood Working	15	2	4
Gas Cylinder—Other than Propane	20	1	4
Gas Distribution—Industrial—Other than Gas Cylinder	15	1	4
Glass and Glass Product Manufacturing	15	2	4
Glass Bottle Forming Equipment	8	2	4
Golf Cart	6	1	4
Grocery Store—Convenience—Other than Gasoline Service Property	12	1	4
Grocery Store—Supermarket—Other than Gasoline Service Property	12	1	4
Health Club and Athletic Club	10	1	4
Hospital	12	1	4
Hotel and Motel Furnishings	8	1	4

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CATEGORY	ECONOMIC LIFE (YEARS)	INDEX FACTOR TABLE	PERCENT GOOD TABLE
Ice Plant	15	2	4
Janitorial and Maintenance Service	8	1	4
Laboratory Equipment	10	1	4
Laundry—Coin Operated	10	1	4
Laundry—Commercial	15	1	4
Machine Shop	12	1	4
Mailing and Shipping Service—Large	15	1	4
Medical Office and Clinic	12	1	4
Mortuary	15	1	4
Newspaper Publisher	15	2	4
Office Furniture and Equipment	12	1	4
Pager (One-Way) and Mobile Telephone	4	Untrended	4
Paper Product Manufacturing	15	2	4
Photographic Laboratory—Commercial	10	1	4
Photographic Laboratory—One Hour	8	1	4
Plastic Manufacturing	15	2	4
Point-of-Sale	8	Untrended	4
Postage Meter	10	1	4
Printing Shop	12	2	4
Propane Tank	30	1	4
Recycler	15	1	4
Restaurant—Fast Food	12	1	4
Restaurant—Other than Fast Food	12	1	4
Retail Store—Other than Warehouse	15	1	4
Retail Store—Warehouse	15	1	4
Sand, Dirt, and Gravel Supplier	15	1	4
Satellite Dish—Residential	6	Untrended	4
School	12	1	4
Security and Surveillance	10	1	4
Service Station—Other than Underground Tank	12	1	4
Service Station—Underground Tank	25	1	4
Sheet Metal Manufacturing	15	2	4
Ship and Boat Builder	15	2	4
Shopping Cart	5	1	4
Sign	12	1	4
Ski Lift	15	1	4
Storage Bin—Trash	12	1	4
Sugar and Sugar Product Manufacturing	20	2	4
Telephone and Communication	10	1	4
Test Equipment	8	1	4
Textile Mill Product Manufacturing	15	2	4
Theater	15	1	4
Tools and Tooling	5	1	4
Vending Equipment	8	1	4
Video Game	4	Untrended	4

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CATEGORY	ECONOMIC LIFE (YEARS)	INDEX FACTOR TABLE	PERCENT GOOD TABLE
Warehouse Equipment	15	1	4
Wind Machine—Agricultural	25	3	4
Winery—Nonagricultural	15	2	4
Winery—Agricultural, Farm	15	3	4
Winery—Agricultural, Mobile	See Tables	3	6
Winery Tank—Stainless Steel	40	2	4

From: GranitRoc [granitroc@aol.com]
Sent: Friday, October 03, 2008 3:07 PM
To: Kinkle, Sherrie; broussea@sonoma-county.org
Subject: Comments to LTA 2008/056

In his Letter to Assessors, No. 2008/056, Mr. David Gau proposed adding economic lives to various equipment categories reported in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*. Attached to his letter was a draft table containing proposed economic lives for inclusion in AH 581. The purpose of this factor, among others, is to impute fair market value to fixtures and personal property via the cost approach to value. Some of the factors contained in the draft table are troubling and could result in significant under assessment. Worse still, this could undermine the authority of the assessor to independently appraise property.

Assessors' Handbook 501 defines economic life as, "*The period of time over which improvements to real property contribute to property value*". Typically, physical life is expected to be longer than economic life. None the less, the two concepts are inter-related because, not infrequently, older properties are renewed, remodeled or rehabilitated to extend both the physical and economic lives.

With these appraisal concepts in mind, the reasonableness of publishing economic lives for a hundred or so fixtures and personalty is problematic. In our own field of appraisal, mineral and energy property evaluation, the factors being pro-offered are too short. Application of short economic lives will result in unreasonably low indicators of fair market value.

For example, the draft table determines the economic life of a cogeneration plant to be 20 years. This is unfathomably short and demonstrably wrong. The best evidence is market data. Sales of cogeneration plants and electric plants generally, indicate the economic life of the vast majority of plants is greater than thirty years. Buyers' pro formas are prima facie evidence of economic lives being at least thirty years. Some examples are: 1) the lone Coal-fired Cogeneration Plant; 2) the POSDEF Coal fired Cogeneration Plant in Stockton; 3) Calpine Geysers Power Plants in Lake and Sonoma Counties.

Secondary data is equally compelling. A number of cogeneration plants and other power plants were constructed with refurbished equipment previously installed in decommissioned power plants (hence were thirty or forty years old before reinstallation). Some examples include: 1) the Sierra Pacific Cogeneration Plant in Terra Bella; 2) the Pacific Oroville Wood-fired Power Plant; 3) Geysers Geothermal Unit 1 in Sonoma County; 4) Milner Creek Hydro Plant in Mono County.

Assessment appeal proceedings on cogeneration and electric power plants also confirm economic lives are commonly thirty years or greater. Examples include: 1) Exxon's Los Flores Canyon Cogeneration Plant; 2) Vulcan Geothermal Plant in the Imperial Valley; 3) the Santa Maria Cogeneration Plant in Santa Barbara County.

Public file, government data also indicates cogeneration plants and electric power plants generally have lives of thirty to forty years. Numerous California Energy Commission studies, over many decades, have forecasted economic and physical lives of cogeneration and electric power plants as thirty years or greater. Similarly, a multitude of "*Notice of Intent to Construct*" and "*Applications for Certification*" filed with the California Energy Commission document physical and economic lives of thirty years or greater for

these type properties.

Collectively, this data refutes the 20 year economic life for cogeneration plants. Adoption and application of this proposed factor will result in the under assessment of these type properties. As you know, the shorter the life estimate, the faster the improvement is depreciated. In light of market and secondary data, a short life is not supported.

The proposed table undermines the Assessor's duty to estimate fair market value and diminishes the presumption of fairly assessing the property before County Assessment Appeals Boards. From a practical standpoint, Assessment Appeals Boards give great weight to Assessors' Handbooks; therefore if the Assessor deviates from the Handbook, the presumption of correctness is called into question. Thus, the proposed table becomes more of a **prescription** than a **guide**. Further, erroneous life tables are an invitation for litigation resulting in a diversion of county resources to defend the Assessor's assessments.

I urge the Board to reconsider the adoption of economic lives without proper study and input from County Assessors. The Board's proposal is a solution in search of a problem. If adopted, it could be a problem needing a solution.

Yours truly,



Joe Colosi

Harold W. Bertholf, Inc.

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From: McCrary, Michael, ST LOUIS, Tax [Michael.McCrary@purina.nestle.com]
Sent: Thursday, October 09, 2008 1:50 PM
To: Kinkle, Sherrie
Subject: ECONOMIC LIVES IN ASSESSORS' HANDBOOK SECTION 581

Sherrie,

I can think of many questions regarding publishing these lives. First, I truly think the counties would use these as a crutch for assessment purposes and let the taxpayer appeal. If they use these and the SBE adopts them, what recourse does a taxpayer have? It is already difficult at best to do business in CA. One of my biggest fears is that these will become a stumbling block for reaching a true FMV. The tables are a starting point and then many other factors need to be considered. Our plant has several types of M&E that these tables would not account for the true life. Some of the equipment is operating under extreme temperatures and some of the equipment is related to product that has a much shorter life. For that equipment to be used again, it would require significant retooling so the equipment actually follows the product life. Mass appraisal techniques are good to use as a base, but where is the strong and supportive language to the assessors that allows them to deviate for specific situations? For example, all food processing M&E should not get a 15 year life. Even though according to CA engineering is considered taxable, I can't sell the engineering cost associated with my equipment.

Another issue I have is how were these tables established? Is there a study that was conducted or something that would validate the lives established?

I am very concerned about valuation of M&E in California, audits and appeals. Given these tough economic times, these type policies are becoming a deciding factor when businesses start to discuss plant reductions in both production and employment and it is also a deciding point when new locations are discussed.

Mike McCrary
Manager, Property Taxes, North America
Tel: (314) 982-2279
Fax: (314) 982-1697
michael.mccrary@purina.nestle.com

From: Scott Donald [ScottDonald@mfpoer.com]
Sent: Tuesday, October 14, 2008 5:31 PM
To: Kinkle, Sherrie
Subject: CAA Establishment of Tables for CA
Ms. Kinkle,

I was going to attend the initial meeting but the newly rescheduled date in November conflicts with a presentation I have in Denver, Colorado. Hopefully there will be an additional meeting to listen to all points and potentially discuss concerns regarding a non-independent association dictating the life tables to be utilized in California. I am of the belief that the SBE as an independent entity gives credibility and unbiased opinions and positions. **Having the California Assessor's Association dictate the direction of life tables could create self-propheying positions amongst some assessor personnel or even counties.**

Releasing this responsibility creates unforeseen dilemmas. I would like to hear how the SBE and CAA plan on accounting for the on-going independence of the studies and audits. Below is the link to the letter I received.

<http://www.boe.ca.gov/proptaxes/pdf/lta08056.pdf>

I look forward to a follow up meeting to the one next month.

Regards,

Scott Donald

Scott Donald
Vice President ~ Pacific Division
Marvin F. Poer and Company
18818 Teller Avenue, # 277
Irvine, CA 92660
(949) 757-0991

www.mfpoer.com

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October 16, 2008

Sherrie Kinkle
California State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279

Dear Ms. Kinkle,

On behalf of the more than 120 companies that sell and distribute propane throughout the state of California, please accept this as our industry's comment regarding the inclusion of economic lives for equipment categories in the Assessors' Handbook Section 581.

Our industry opposes the inclusion of economic lives for equipment categories in the Assessors' Handbook Section 581 because there does not appear to be any rationale for the economic years chosen. In the table, "Propane Tank" is listed as having a 30-year economic life. However, many propane companies currently use a 40-year economic life for depreciation. Propane tanks are traditionally made of steel and have been known to far exceed even a 40-year life span.

The Western Propane Gas Association urges the California State Board of Equalization to proceed with caution on this issue and refrain from publishing the economic lives and valuation table without further developing additional backup information to verify the table's accuracy. Thank you for your consideration.

Sincerely,

Lesley Brown Garland
President and CEO



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Fred Nicely
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(202) 484-5213
FNicely@statetax.org

September 18, 2008

Sent Via E-Mail

The Honorable Michelle Steel
Chair, Property Tax Committee
California State Board of Equalization
450 N Street
Sacramento, CA 94279-0001

**Re: Objection to Adding Economic Lives to Assessors' Handbook
Issue Paper No. 08-009 (Assessors' Handbook Section 581)**

Dear Chairwoman Steel:

The Council On State Taxation (COST) disagrees with the California State Board of Equalization's (SBE) staff recommendation that economic lives for equipment should be added to the Assessors' Handbook Section 581 as proposed in Issue Paper No. 08-009.

About COST

COST is a nonprofit trade association based in Washington, D.C. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce. Today COST has grown to have an independent membership of more than 610 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

Proposed Economic Lives Are Not Based On An Adequate Study

The principal concern COST has with the SBE including the proposed economic lives for various equipment categories in the Assessors' Handbook is that the proposed lives are not based on an adequate study. As acknowledged by the SBE staff, "Only a portion of the economic lives recommended in Alternative 1 are the result of an in-depth lifing study." **Before the SBE adopts the California Assessors' Association's (CAA) economic lives, the SBE needs to conduct a thorough study, which includes obtaining input from those using the listed equipment in California.**

In the Issue Paper, the SBE staff states that a verification of the CAA economic lives was made in 2000. Such verification is woefully out-of-date. There is also a finding in the Issue Paper that the CAA economic lives are comparable to those in the Marshall Valuation Service, IRS Publication 946, and several other states. Such comparisons, however, do not constitute an adequate study.

The Issue Paper asserts that the SBE should reincorporate the economic lives back into the Assessors' Handbook Section 581 (eliminated in 1996) to achieve greater uniformity. However, before the SBE Board incorporates economic lives into the Handbook, the SBE needs to establish a legitimate process where the SBE staff conducts its own independent research, holds hearings, and allows all interested parties to make comments to the proposed economic lives. Input from those using the equipment for which the SBE is proposing adopting (or changing) an economic life is critical to any study of this type. The SBE staff proposal simply adopts the CAA's economic lives; this runs afoul of having an independent process to legitimately place the economic lives into the Handbook.

Incorporation of the CAA economic lives in the 2009 Handbook also has the potential to undermine the SBE's credibility with the courts. Guidelines published by the SBE are usually held in high regard. The courts, however, are unlikely to blithely follow the proposed economic lives when the Issue Paper acknowledges that this proposal is just a "starting point" until the SBE staff obtains better data.

Finally, prior to publishing economic lives in the Handbook, the SBE must establish fair and objective procedures that allow taxpayers (and assessors) to present additional evidence (such as accelerated obsolescence) that indicates a fair market value that is different from that derived from the published tables. Economic lives are only guidelines to assist taxpayers and assessors with the mass appraisal of property. Most importantly, the burden of proof on a taxpayer to prove the property's fair market value must not be insurmountable.

Conclusion

COST respectfully requests the SBE Board reject the staff recommendation to incorporate the proposed economic lives in Attachment C of Issue Paper No. 08-009. The SBE Board should direct its staff to conduct a comprehensive study, with industry participation, of the proposed economic lives. Thank you for your consideration.

Sincerely,



Fred Nicely

cc: Judy Chu, Chairwoman, California State Board of Equalization
Betty T. Yee, Vice Chair, California State Board of Equalization
Bill Leonard, Member, California State Board of Equalization
John Chiang, Ex-Officio Member, California State Board of Equalization
Ramon J. Hirsig, Executive Director, California State Board of Equalization
Doug Lindholm, President & Executive Director, COST
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Allan Zaremborg, President, California Chamber of Commerce
Teresa Casazza, President, California Taxpayers' Association



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Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

No. 2008/073

December 15, 2008

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ECONOMIC LIVES

In Letter To Assessors 2008/056, Board staff announced that it was considering the possibility of including in Assessors' Handbook Section 581 (AH 581), *Equipment Index and Percent Good Factors*, economic lives for various equipment categories. On November 5, 2008, an interested parties meeting was held in Sacramento to discuss the proposal.

As a result of input from interested parties, economic lives will not be included in AH 581. Interested parties indicated that a wholesale adoption of lives should not be undertaken by the Board. Board's staff efforts will be focused on development of valuation factors for those industries where a petition is submitted for a study of the industry. Information regarding the guidelines for Board staff to conduct a study can be found in AH 581. The form to petition a study is located on the Board's website at <http://www.boe.ca.gov/proptaxes/pdf/401-08-08.pdf>.

If you have questions regarding this issue, you may contact Ms. Sherrie Kinkle at sherrie.kinkle@boe.ca.gov or at 916-322-2921.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk

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Association President**DAVID PEETS**

Alpine County

Telephone (530) 694-2283

FAX (530) 694-2491

January 20, 2000

To Interested Parties:

The attached position paper on Business Assessment Factors, for lien date January 1, 2000, was adopted by the Executive Committee of the California Assessors' Association on January 20, 2000.

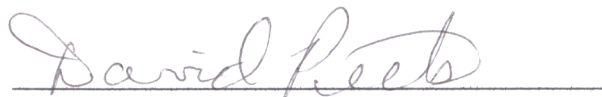
This paper is the result of work by the CAA Business Chiefs' Association, having met to arrive at a uniform set of equipment index, percent good, and valuation factors. These tables are recommended for use by all California Assessors' Association members in order to promote uniformity in the assessment of business property.

Position Paper: 00-001 reflects and states the official position of the California Assessors' Association on this issue.

Questions should be directed to:

Honorable Bruce Dear, Placer County Assessor, CAA Business Property Sub-Committee Chairman, or

either of the undersigned.



David Peets, Alpine County Assessor, CAA President



Cris Andrews, CAA Standards Chairman

CALIFORNIA ASSESSORS' ASSOCIATION

STANDARDS COMMITTEE

CAA POSITION PAPER: 00-001

DATE: January 20, 2000

SUBJECT: Business Assessment Factors for January 1, 2000

This document recommends several tables of equipment index, percent good, and valuation factors for use by all California Assessors in mass appraisal programs designed to derive the market value of California business property within a band of value that meets appraisal standards.

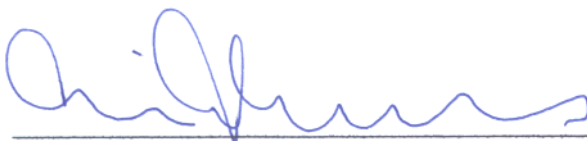
If property is accurately reported on the California Business Property Statement for 2000, then application of the factors in this document will produce market value as of lien date 2000.

If an Assessor has property, or industry, specific appraisal data that in the Assessor's opinion will produce a more precise appraisal of the subject property, then it is recommended that the Assessor apply the more precise data.

This document incorporates many Tables from the January, 2000, AH 581 published by the California State Board of Equalization and must be used in conjunction with AH 581.



Bruce Dear, Business Property Sub-Committee Chairman



Cris Andrews, Standards Committee Chairman

CALIFORNIA ASSESSORS' ASSOCIATION

BUSINESS ASSESSMENT FACTORS JANUARY 2000

(USE FOR LIEN DATE JANUARY 1, 2000)



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President Elect
Vice-President
Secretary
Standards Committee Chair
Business Property Subcommittee Chair**

**David Peets, Alpine County
John A. Winner, El Dorado County
Larry Stone, Santa Clara County
Joan Thayer, Marin County
Cris Andrews, Shasta County
Bruce Dear, Placer County**

FORWARD

This document recommends several tables of equipment index, percent good, and valuation factors for use by all California Assessors in mass appraisal programs designed to derive the market value of California business property within a band of value that meets appraisal standards.

If property is accurately reported on the California Business Property Statement for 2000 then application of the factors in this document will produce market value as of lien date 2000.

If an Assessor has property, or industry, specific appraisal data that in the Assessor's opinion will produce a more precise appraisal of the subject property, then it is recommended that the Assessor apply the more precise data.

This document incorporates many Tables from the January 2000 AH581 published by the California State Board of Equalization and must be used in conjunction with AH581.

David Peets
President, California Assessors' Association

Section I: Equipment Index Factors

Use the “Table 1: Commercial Equipment Index Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

Use the “Table 2: Industrial Machinery and Equipment Index Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

Use the “Table 3: Agricultural and Construction Equipment Index Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

Application of all Index Factor Categories

It is recommended that each equipment index factoring category be used if a category of property is reported that is appropriate for that specific index.

Maximum Recommended Equipment Index Factor

Use a maximum equipment index factor when valuing equipment. The recommended maximum factor is the factor for an age equal to 125 percent of the estimated economic life. (For application of this rule, please see the example on page 3 of AH581 as published for January 2000).

Exceptions to use of “Equipment Index Factors”:

If the “Remarks” Section of the Economic Life and Minimum Percent Good Table found in this document contains an indexing recommendation, then that recommendation takes precedence. (As an example, some categories of property include the remarks, “untrended”. Do not apply any indexing to those categories of property).

Section II: Percent Good Factors

Use the “Table 4: Machinery and Equipment Percent Good Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

To use AH 581 – Table 4, apply the economic life recommendations found in Section IV of this document.

Minimum Recommended Equipment Percent Good Factor

Use a minimum equipment percent good factor when valuing equipment as identified in Section IV of this document. When not otherwise stated, the recommended minimum factor is the factor for an age equal to 125 percent of the estimated economic life.

As an example, an asset category with a 12 year life would be depreciated for the first 15 years (12 years x 125% = 15 years). The 15 year percent good factor would then be applied for every year that the property is retained beyond the 15th year.

Section III: Valuation Factors

When valuing computers use the “Table 6: Computer Valuation Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

When valuing semiconductor manufacturing equipment (excluding fixtures) use the “Table 7: Semiconductor Manufacturing Equipment Valuation Factors” found in the *January 2000 Assessors’ Handbook Section 581*.

Section IV: Economic Life and Minimum Percent Good

Use the recommended “life” and “minimum percent good” factors from the table contained in this section. The table is intended for use when valuing property reported on Schedule A of the California **Business Property Statement for 2000**.

The TABLE starts on the next page.

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

<u>Category</u>	<u>LIFE (IN YEARS)</u>	<u>MINIMUM % GOOD</u> (See explanation in Section II)	<u>REMARKS</u>
Aerospace Industry (Airframe)	12	AH581-Table 4 (125% of Life)	Manufacturing machinery
Agriculture / Farm	15	AH581-Table 4 (125% of Life)	Except mobile equipment
Agriculture / Mobile	See Remarks		Use AH581 Table 5
Airlines - Commercial	16 - S.L.	R & T Code Sec. 401.15	Methodology is set forth in the statute
Amusement (Miniature Golf Etc)	10	AH581-Table 4 (125% of Life)	Includes miniature Race Car, Batting practice Cages
Amusement (Theme Parks)	15	AH581-Table 4 (125% of Life)	"Disneyland" type parks
Apparel Mfg.	12	AH581-Table 4 (125% of Life)	
ATM (Composite)	12	25%	Los Angeles Study
ATM (Only)	10	25%	ATM unit only with no peripherals. Los Angeles Study
Automotive Repair - Service	10	AH581-Table 4 (125% of Life)	Use the AH581 Table 1 Index Factor for "Garage"
Bakeries - Small	15	AH581-Table 4 (125% of Life)	
Bakeries Large	15	AH581-Table 4 (125% of Life)	
Bank Fixtures (Composite)	15	AH581-Table 4 (125% of Life)	If no property detail is provided
Banks (Category 1. Counter Lines, etc.)	15	AH581-Table 4 (125% of Life)	Category description is from BOE-571 alternate schedule A
Banks (Category 2. Signs, Cameras, etc)	10	AH581-Table 4 (125% of Life)	Category description is from BOE-571 alternate schedule A
Banks (Category 3. Carpets, Drapes)	8	AH581-Table 4 (125% of Life)	Category description is from BOE-571 alternate schedule A
Banks (Category 5. Vault Doors, etc.)	40	AH581-Table 4 (125% of Life)	Category description is from BOE-571 alternate schedule A
Banks (Category 6. Drive Up Windows, etc.)	20	AH581-Table 4 (125% of Life)	Category description is from BOE-571 alternate schedule A
Barber Shop	12	AH581-Table 4 (125% of Life)	
Batch Plants (Concrete & Asphalt)	20	AH581-Table 4 (125% of Life)	
Beauty Salon	12	AH581-Table 4 (125% of Life)	
Billiard Rooms	15	AH581-Table 4 (125% of Life)	

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

<u>Category</u>	<u>LIFE</u> <u>(IN YEARS)</u>	<u>MINIMUM % GOOD</u> (See explanation in Section II)	<u>REMARKS</u>
Biotech - Manufacturing Equipment	See Remarks		Use methodology in CAA Position Paper 99-004
Biotech-Specialized	See Remarks		Use methodology in CAA Position Paper 99-004
Blue Printing / Map Making	12	AH581-Table 4 (125% of Life)	
Book Binders	15	AH581-Table 4 (125% of Life)	
Bottling Plants - (Other than Breweries)	15	AH581-Table 4 (125% of Life)	
Bowling Alleys	15	AH581-Table 4 (125% of Life)	
Breweries	15	AH581-Table 4 (125% of Life)	
Brick, Sewer Pipe, Terra Cotta & Tile Manufacturing	17	AH581-Table 4 (125% of Life)	
Cable Equipment			No recommendation at this time due to appeals and litigation.
Canneries	17	AH581-Table 4 (125% of Life)	
Car Wash	12	AH581-Table 4 (125% of Life)	
Cargo Containers	20	AH581-Table 4 (125% of Life)	
Cement Manufacturing	20	AH581-Table 4 (125% of Life)	
Chemicals and Allied Products Mfg	15	AH581-Table 4 (125% of Life)	Except Refineries
Circuit Board Mfg	8	AH581-Table 4 (125% of Life)	
Cocktail Lounges (Bars & Saloons)	12	AH581-Table 4 (125% of Life)	
Cogeneration (power plants)	20	AH581-Table 4 (125% of Life)	
Computers - Main Frame	See Remarks		Use AH581 Table 6: Computer Valuation Factors
Computers - Mid-Range	See Remarks		Use AH581 Table 6: Computer Valuation Factors
Computers - PCs	See Remarks		Use AH581 Table 6: Computer Valuation Factors
Construction - Mobile	See Remarks		Use AH581 Table 5

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

<u>Category</u>	<u>LIFE (IN YEARS)</u>	<u>MINIMUM % GOOD</u> (See explanation in Section II)	<u>REMARKS</u>
Construction / Demolition Contractor	12	AH581-Table 4 (125% of Life)	Use AH581 Table 3 Index
Copiers	6	AH581-Table 4 (125% of Life)	UNTRENDED
Cotton Gins	15	AH581-Table 4 (125% of Life)	Use the AH581 Table 3 Agricultural Index
Dairies	15	AH581-Table 4 (125% of Life)	Use the AH581 Table 3 Agricultural Index
Dental Lab	12	AH581-Table 4 (125% of Life)	
Dentist	12	AH581-Table 4 (125% of Life)	
Drug / Pharmaceutical Mfg	12	AH581-Table 4 (125% of Life)	
Dry Cleaners (Commercial)	15	AH581-Table 4 (125% of Life)	
Electronic Equipment Mfg	10	AH581-Table 4 (125% of Life)	
Fab Metal Products Mfg. Suppliers	15	AH581-Table 4 (125% of Life)	
Facsimile	6	AH581-Table 4 (125% of Life)	UNTRENDED (Same as copiers)
Food Processing	15	AH581-Table 4 (125% of Life)	
Forklifts	10	AH581-Table 4 (125% of Life)	
Furniture Mfg / Wood Working	15	AH581-Table 4 (125% of Life)	
Gas Cylinders (Other than Propane)	20	AH581-Table 4 (125% of Life)	
Gas Distribution - Industrial	15	AH581-Table 4 (125% of Life)	Except for gas cylinders
Glass and Glass Product Mfg	15	AH581-Table 4 (125% of Life)	
Golf Carts	6	AH581-Table 4 (125% of Life)	
Grocery Stores - Convenience	12	AH581-Table 4 (125% of Life)	Excludes Gasoline Service Property
Grocery Stores - Supermarkets	15	AH581-Table 4 (125% of Life)	
Health Clubs (athletic clubs)	10	AH581-Table 4 (125% of Life)	
Hospitals	12	AH581-Table 4 (125% of Life)	

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

<u>Category</u>	<u>LIFE (IN YEARS)</u>	<u>MINIMUM % GOOD</u> (See explanation in Section II)	<u>REMARKS</u>
Hotels & Motels (Furnishings)	8	AH581-Table 4 (125% of Life)	
Ice Plant	15	AH581-Table 4 (125% of Life)	
Janitorial & Maintenance Services	8	AH581-Table 4 (125% of Life)	
Laboratory Equipment	10	AH581-Table 4 (125% of Life)	
Laundries - Coin Operated	10	AH581-Table 4 (125% of Life)	
Laundries - Commercial	15	AH581-Table 4 (125% of Life)	
Machine Shops	12	AH581-Table 4 (125% of Life)	Composite includes Computer Numeric Control (CNC) property
Mailing & Shipping Services - Large	15	AH581-Table 4 (125% of Life)	eg. UPS
Medical Equipment - High Tech	8	AH581-Table 4 (125% of Life)	UNTRENDED. Includes most sophisticated "exotic" equipment
Medical Offices and Clinics	12	AH581-Table 4 (125% of Life)	
Mortuaries	15	AH581-Table 4 (125% of Life)	
Newspaper Publisher	15	AH581-Table 4 (125% of Life)	
Office Furniture & Equipment	12	AH581-Table 4 (125% of Life)	
Pagers (one-way) & Mobile Phones	4	AH581-Table 4 (125% of Life)	UNTRENDED. See LTA 96/25 Dated April 22,1996
Paper Product Manufacturing	15	AH581-Table 4 (125% of Life)	
Photo Labs - Commercial	10	AH581-Table 4 (125% of Life)	
Photo Labs - One Hour	8	AH581-Table 4 (125% of Life)	
Plastics Manufacturing	15	AH581-Table 4 (125% of Life)	
Point-of-Sale	8	AH581-Table 4 (125% of Life)	UNTRENDED
Propane Tanks	20	AH581-Table 4 (125% of Life)	
Radio / TV Broadcast Studios			No recommendation.
Recyclers	15	AH581-Table 4 (125% of Life)	

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

<u>Category</u>	<u>LIFE (IN YEARS)</u>	<u>MINIMUM % GOOD</u> (See explanation in Section II)	<u>REMARKS</u>
Restaurants - Fast Food Chains	12	AH581-Table 4 (125% of Life)	
Restaurants - Regular	12	AH581-Table 4 (125% of Life)	
Retail Store - Anchor (Luxury)	15	40% (2)	(2) Composite - 40% of Replacement Cost New (RCN).
Retail Store - Others	12	AH581-Table 4 (125% of Life)	
Sand / Dirt / Gravel Suppliers	15	AH581-Table 4 (125% of Life)	
Schools	12	AH581-Table 4 (125% of Life)	
Security and Surveillance Equipment	10	AH581-Table 4 (125% of Life)	
Semiconductor Manufacturing Equipment (excludes Fixtures)	See Remarks		Use AH581 Table 7
Service Stations (Excluding Tanks)	12	AH581-Table 4 (125% of Life)	Except for underground tanks.
Service Stations (Underground Tanks)	25	AH581-Table 4 (125% of Life)	
Sheet Metal Mfg	17	AH581-Table 4 (125% of Life)	
Ship and Boat Builders	15	AH581-Table 4 (125% of Life)	
Shopping Carts	5	AH581-Table 4 (125% of Life)	
Signs	12	AH581-Table 4 (125% of Life)	
Ski Lifts	15	AH581-Table 4 (125% of Life)	
Storage Bins - Trash	12	AH581-Table 4 (125% of Life)	
Sugar & Sugar Product Mfg	20	AH581-Table 4 (125% of Life)	
Telephone & Communication	10	AH581-Table 4 (125% of Life)	
Test Equipment	8	AH581-Table 4 (125% of Life)	
Textile Mill Products Manufacturing	15	AH581-Table 4 (125% of Life)	
Theatres	15	AH581-Table 4 (125% of Life)	

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2000**

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**BUSINESS ASSESSMENT FACTORS
JANUARY 2018
CAA Position Paper 18-001
(USE FOR LIEN DATE JANUARY 1, 2018)**



Section IV

California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2018

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Aerospace Industry (Airframe)	12	Table 4 and apply minimum percent good	Manufacturing machinery
Agriculture / Farm	15	Table 4 and apply minimum percent good	Use Table 3 for Index
Agriculture / Mobile	See Remarks	Table 6 and apply minimum percent good	Use Table 6 as published in AH581 and Table 3 for Index
Airlines - Commercial	16 or 20 - S.L.		Methodology set by CAA Aircraft Subcommittee
Amusement (Miniature Golf etc.)	10	Table 4 and apply minimum percent good	Includes miniature Race Car, Batting Practice Cages
Amusement (Theme Parks)	15	Table 4 and apply minimum percent good	Disneyland type parks
Apartment Equipment/Furniture	8	Table 4 and apply minimum percent good	
Apparel Mfg.	12	Table 4 and apply minimum percent good	
ATM (Composite)	12	Table 4 and apply minimum percent good	Los Angeles Study
ATM (Only)	10	Table 4 and apply minimum percent good	ATM units only with no peripherals. Los Angeles Study
Automotive Repair - Service	10	Table 4 and apply minimum percent good	
Bakeries - Small	15	Table 4 and apply minimum percent good	
Bakeries - Large	15	Table 4 and apply minimum percent good	
Bank Fixtures (Composite)	15	Table 4 and apply minimum percent good	If no property detail is provided
Banks (Category 1. Counter Lines, etc.)	15	Table 4 and apply minimum percent good	Category description is from BOE-571 alternate schedule A
Banks (Category 2. Signs, Cameras, etc.)	10	Table 4 and apply minimum percent good	Category description is from BOE-571 alternate schedule A
Banks (Category 3. Carpets, Drapes)	8	Table 4 and apply minimum percent good	Category description is from BOE-571 alternate schedule A
Banks (Category 5. Vault Doors, Night Dep.)	40	Table 4 and apply minimum percent good	Category description is from BOE-571 alternate schedule A
Banks (Category 6. Drive Up Windows, etc.)	20	Table 4 and apply minimum percent good	Category description is from BOE-571 alternate schedule A
Barber Shop	12	Table 4 and apply minimum percent good	
Batch Plants (Concrete & Asphalt)	20	Table 4 and apply minimum percent good	
Beauty Salon	12	Table 4 and apply minimum percent good	
Billboards	See Remarks		Use Caltrans schedule as described in Section III

Section IV

**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2018**

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Billiard Rooms	15	Table 4 and apply minimum percent good	
Biopharmaceutical - Manufacturing Equipment	See Remarks		Use AH581 Table 9
Biopharmaceutical - Specialized	See Remarks		Use AH581 Table 9
Blue Printing / Map Making	12	Table 4 and apply minimum percent good	
Book Binders	15	Table 4 and apply minimum percent good	
Bottling Plants (Other than Breweries)	15	Table 4 and apply minimum percent good	
Bowling Alleys	15	Table 4 and apply minimum percent good	
Breweries	15	Table 4 and apply minimum percent good	
Brick, Sewer Pipe, Terra Cotta & Tile Mfg.	17	Table 4 and apply minimum percent good	
Cable Equipment			No recommendation at this time due to appeals and litigation.
Canneries	17	Table 4 and apply minimum percent good	
Casino--Electronic Slot Machines	See Remarks		Use Table L published in CAA Position Paper 16-001
Casino--Mechanical Slot Machines	See Remarks		Use Table M published in CAA Position Paper 16-001
Casino--Other Gaming Equipment	See Remarks		Use Table M published in CAA Position Paper 16-001
Car Wash	12	Table 4 and apply minimum percent good	
Cargo Containers	20	Table 4 and apply minimum percent good	
Cell Phone Tower	25	Table 4 and apply minimum percent good	
Cement Manufacturing	30	Table 4 and apply minimum percent good	Life revised in 2008 from 20 to 30 years
Chemicals and Allied Products Mfg.	15	Table 4 and apply minimum percent good	Except Refineries
Circuit Board Manufacturing	8	Table 4 and apply minimum percent good	
Cocktail Lounges (Bars & Saloons)	12	Table 4 and apply minimum percent good	
Cogeneration (Power Plants)	20	Table 4 and apply minimum percent good	
Computers - LAN Equipment	See Remarks		Use AH581 Table 7: Computer Valuation Factors
Computers - Personal Computers	See Remarks		Use AH581 Table 7: Computer Valuation Factors
Construction - Mobile	See Remarks		Use AH581 Table 5
Construction / Demolition Contractor	12	Table 4 and apply minimum percent good	Use AH581 Table 3 Index

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California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2018

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Cotton Gins	15	Table 4 and apply minimum percent good	Use the AH581 Table 3 Agricultural Index
Dairies	15	Table 4 and apply minimum percent good	Use the AH581 Table 3 Agricultural Index
Dental Lab	12	Table 4 and apply minimum percent good	
Dentist	12	Table 4 and apply minimum percent good	
Document Processor Equipment (Copiers)	See Remarks		Use the AH581 Table 10 Document Processor Valuation Factors
Drug / Pharmaceutical Mfg	12	Table 4 and apply minimum percent good	
Dry Cleaners (Commercial)	15	Table 4 and apply minimum percent good	
Electronic Equipment Mfg.	10	Table 4 and apply minimum percent good	
Fab Metal Products Mfg. Suppliers	15	Table 4 and apply minimum percent good	
Facsimile	6	Table 4 and apply minimum percent good	UNTRENDED
Food Processing	15	Table 4 and apply minimum percent good	
Forklifts	10	Table 4 and apply minimum percent good	
Furniture Mfg / Wood Working	15	Table 4 and apply minimum percent good	
Gas Cylinders (Other than Propane)	20	Table 4 and apply minimum percent good	
Gas Distribution - Industrial	15	Table 4 and apply minimum percent good	Except for gas cylinders
Glass and Glass Product Mfg	15	Table 4 and apply minimum percent good	
Glass Bottle Forming Equipment	8	Table 4 and apply minimum percent good	
Golf Carts	6	Table 4 and apply minimum percent good	
Grocery Stores - Convenience	12	Table 4 and apply minimum percent good	Excludes Gasoline Service Property
Grocery Stores - Supermarkets	12	Table 4 and apply minimum percent good	
Health Clubs (Athletic Clubs)	10	Table 4 and apply minimum percent good	
Hospitals	12	Table 4 and apply minimum percent good	
Hotels & Motels (Furnishings)	8	Table 4 and apply minimum percent good	

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California Assessors' Association Economic Life and Minimum Percent Good Table January 2018

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Ice Plant	15	Table 4 and apply minimum percent good	
Janitorial & Maintenance Services	8	Table 4 and apply minimum percent good	
Laboratory Equipment	10	Table 4 and apply minimum percent good	
Laundries - Coin Operated	10	Table 4 and apply minimum percent good	
Laundries - Commercial	15	Table 4 and apply minimum percent good	
Machine Shops	12	Table 4 and apply minimum percent good	Composite includes Computer Numeric Control (CNC) property
Mailing & Shipping Services - Large	15	Table 4 and apply minimum percent good	eg. UPS
Medical Equipment - High Tech	8	Table 4 and apply minimum percent good	UNTRENDED. See Section V. for definition
Medical Offices and Clinics	12	Table 4 and apply minimum percent good	
Mineral and Construction Aggregate Extraction	20	Table 4 and apply minimum percent good	REVIEWED 2016- SEE www.calassessor.org
Mortuaries	15	Table 4 and apply minimum percent good	
Newspaper Publisher	15	Table 4 and apply minimum percent good	
Office Furniture & Equipment	12	Table 4 and apply minimum percent good	
Pagers (one-way) & Mobile Phones	4	Table 4 and apply minimum percent good	UNTRENDED. See LTA 96/25 Dated April 22, 1996
Paper Product Manufacturing	15	Table 4 and apply minimum percent good	
Photo Labs - Commercial	10	Table 4 and apply minimum percent good	
Photo Labs - One Hour	8	Table 4 and apply minimum percent good	
Plastics Manufacturing	15	Table 4 and apply minimum percent good	
Point-of-Sale	8	Table 4 and apply minimum percent good	UNTRENDED
Postage Meters	10	Table 4 and apply minimum percent good	
Print Shop	12	Table 4 and apply minimum percent good	
Printing Presses (Offset)		See Remarks	Use AH581 Table 11
Production Printers (High Speed)	8	Table 4 and apply minimum percent good	UNTRENDED
Propane Tanks	30	Table 4 and apply minimum percent good	
Radio / TV Broadcast Studios			No recommendation

Section IV

California Assessors' Association Economic Life and Minimum Percent Good Table January 2018

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Recyclers	15	Table 4 and apply minimum percent good	
Restaurants - Fast Food Chains	12	Table 4 and apply minimum percent good	
Restaurants - Regular	12	Table 4 and apply minimum percent good	
Retail Store - Others	12	Table 4 and apply minimum percent good	REVIEWED 2016- SEE www.calassessor.org
Retail Store - Warehouse	15	Table 4 and apply minimum percent good	
Sand / Dirt / Gravel- Retail / Wholesale Suppliers	15	Table 4 and apply minimum percent good	REVIEWED 2016- SEE www.calassessor.org
Satellite Dishes - Residential	6	Table 4 and apply minimum percent good	UNTRENDED
Schools	12	Table 4 and apply minimum percent good	
Security and Surveillance Equipment	10	Table 4 and apply minimum percent good	
Semiconductor Mfg. Equipment (excludes fixtures)	See Remarks		Use AH581 Table 8
Service Stations (Excluding Tanks)	12	Table 4 and apply minimum percent good	Except for underground tanks
Service Stations (Underground Tanks)	25	Table 4 and apply minimum percent good	
Set-Top Boxes	See Remarks		Use CAA Table J
Sheet Metal Manufacturing	15	Table 4 and apply minimum percent good	
Ship and Boat Builders	15	Table 4 and apply minimum percent good	
Shopping Carts	5	Table 4 and apply minimum percent good	
Signs	12	Table 4 and apply minimum percent good	
Ski Lifts	15	Table 4 and apply minimum percent good	
Storage Bins - Trash	12	Table 4 and apply minimum percent good	
Sugar and Sugar Product Mfg.	20	Table 4 and apply minimum percent good	
Telephone and Communication	10	Table 4 and apply minimum percent good	
Test Equipment	8	Table 4 and apply minimum percent good	
Textile Mill Products Manufacturing	15	Table 4 and apply minimum percent good	
Theatres – Excluding Projectors	15	Table 4 and apply minimum percent good	
Theatres – Digital Projectors	10	Table 4 and apply minimum percent good	UNTRENDED. REVIEWED 2017- SEE www.calassessor.org .

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**California Assessors' Association
Economic Life and Minimum Percent Good Table
January 2018**

Category	Life (In Years)	% Good (See Explanation in Section II)	Remarks
Tools / Tooling	5	Table 4 and apply minimum percent good	
Vending Equipment	8	Table 4 and apply minimum percent good	
Video Games	4	Table 4 and apply minimum percent good	UNTRENDED
Warehouse Equipment	15	Table 4 and apply minimum percent good	
Wind Machines - Agricultural	25	Table 4 and apply minimum percent good	Use Table 3 Agricultural Equipment Index
Winery (Except Tanks)	15	Table 4 and apply minimum percent good	Composite life except for tanks
Winery Tanks - Stainless Steel	40	Table 4 and apply minimum percent good	