

Valuation of Personal Property and Fixtures

Using Assessors' Handbook Section 581

(Equipment Index, Percent Good, and Valuation Factors)

Appraisal Training: Self-Paced Online Learning Session

Lesson 5: Determining the Economic Life/Average Service Life of Equipment and Fixtures, Check Your Knowledge

Exercise 1

Determine the average service (economic) life to be used in estimating the RCNLD (Reproduction Cost New Less [normal] Depreciation) – market value – of the following equipment and fixtures, as of lien date 2011 (January 1).

	Equipment & Fixtures	Average Service Life (in years)
a.	Hotel Furnishings	
b.	Service Station Equipment (other than underground tanks)	
c.	Electronic Equipment Manufacturing Machinery	
d.	Plastics Manufacturing Machinery	
e.	Construction Contractor Equipment (non-mobile)	
f.	Demolition Contractor Equipment (non-mobile)	
g.	Farm Equipment (non-mobile agricultural)	
h.	Dairy Farm Equipment (non-mobile agricultural)	
i.	Bank Counter Lines	
j.	Cell Phone Tower	
k.	Service Station Underground Tanks	
l.	Sign	

Solution:

- a. **8 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 14), row: Hotels & Motels (Furnishings), column: Life (in years).
- b. **12 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 16), row: Service Stations (excluding tanks), column: Life (in years).
- c. **10 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 14), row: Electronic Equipment Manufacturing, column: Life (in years).
- d. **15 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 15), row: Plastics Manufacturing, column: Life (in years).
- e. **12 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 13), row: Construction / Demolition Contractor, column: Life (in years).
- f. **12 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 13), row: Construction / Demolition Contractor, column: Life (in years).

- g. **15 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 12), row: Agricultural / Farm, column: Life (in years).
- h. **15 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 14), row: Dairies, column: Life (in years).
- i. **15 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 12), row: Banks (category 1, counter lines, etc.), column: Life (in years).
- j. **25 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 13), row: Cell Phone Tower, column: Life (in years).
- k. **25 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 16), row: Service Stations (underground tanks), column: Life (in years).
- l. **12 years** = 2011 CAA Business Assessment Factors, Economic Life and Minimum Percent Good Table (page 16), row: Signs, column: Life (in years).

Exercise 2

What is the economic life (average service life), as of lien date 2011 (January 1), of retail department store equipment?

Solution:

- Economic Life (Average Service Life) = 12 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV, of the 2011 CAA Business Assessment Factors position paper (page 16).

Retail Store – Others [other than warehouse type] = 12 years

Exercise 3

What is the economic life (average service life), as of lien date 2011 (January 1), of a forklift?

Solution:

- Economic Life (Average Service Life) = 10 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV of the 2011 CAA Business Assessment Factors position paper (page 14).

Forklifts = 10 years

Exercise 4

What is the economic life (average service life), as of lien date 2011 (January 1), of furniture manufacturing equipment?

Solution:

- Economic Life (Average Service Life) = 15 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV of the 2011 CAA Business Assessment Factors position paper (page 14).

Furniture Manufacturing / Wood Working = 15 years

Exercise 5

What is the economic life (average service life), as of lien date 2011 (January 1), of sheet metal manufacturing equipment?

Solution:

- Economic Life (Average Service Life) = 15 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV of the 2011 CAA Business Assessment Factors position paper (page 16).

Sheet Metal Manufacturing = 15 years

Exercise 6

What is the economic life (average service life), as of lien date 2011 (January 1), of a diesel fired heater (non-mobile construction equipment)?

Solution:

- Economic Life (Average Service Life) = 12 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV of the 2011 CAA Business Assessment Factors position paper (page 13).

Construction / Demolition Contractor = 12 years

Exercise 7

What is the economic life (average service life), as of lien date 2011 (January 1), of farm equipment (non-mobile agricultural equipment)?

Solution:

- Economic Life (Average Service Life) = 15 years
- Locate the economic life (average service life) corresponding to the equipment type, using the *Economic Life and Minimum Percent Good Table*, in Section IV of the 2011 CAA Business Assessment Factors position paper (page 12).

Agriculture / Farm = 15 years