

From: Lobanov-Rostovsky, Anita [alobanov@ball.com]

Sent: Monday, October 20, 2008 1:11 PM

To: Kinkle, Sherrie

Subject: Economic Lives - Assessors' Handbook

Dear Ms. Kinkle,

I work for a company with several California manufacturing operations and have decided to weigh in on the matter of the proposal to include the economic lives in the Equipment Index and Percent Good Factors in the Assessors' Handbook (AH 581). For background, I am the state and local tax specialist for my company with 25 years of experience in property tax. I am pleased to see that efforts are being made to provide California taxpayers with all of the information they need to determine the value of their equipment. However, any "economic life" must be supported by sound studies that consider the specific equipment use and industry practice.

We have several manufacturing locations in California, as well as throughout North America. Many of them are in jurisdictions that assess personal property, requiring us to comply with the property tax laws of nearly 50 jurisdictions. It has proven most difficult to determine how economic lives are established and values determined throughout California. These are my observations:

- Since the state issued Assessors' Handbook is only used as a guideline by local assessors, the application of equipment lives, and index factors are not uniformly applied throughout the State of California. As it is now, there are vast differences in the approach to value from jurisdiction to jurisdiction.
- Publishing all economic lives, index factors and depreciation tables will establish confidence in taxpayers, who will see there is equity and uniformity in how similar businesses and equipment throughout the state are being valued.
- Currently it seems that only consultants are privy to much of this information. We are routinely asked to engage their services. The company prefers to not to use consultants, as it has been our experience that more reasonable results are achieved for all parties if businesses can work directly with the assessors' offices. This is hindered when the taxpayers do not have access to ALL of the information used to arrive at the value of their equipment.
- With more information available, taxpayers will be able to utilize it their initial estimate of value, making the process more efficient for all, with a better end result (i.e. less burden on the appeal system, rapid and fair audit resolutions.)
- Many businesses lease equipment, creating yet another host of issues. The additional layer of third-party involvement in the assessment process adds to the importance of full disclosure of all materials utilized in determining value.

I fully support the inclusion of the economic lives in the Assessors' Handbook, as well as any information that will lead to a uniform application of valuation methods. I wish to reiterate the necessity that economic lives be based on sound studies and tailored to specific industry practices. Transparency creates trust, and

mutual understanding leads to improved communication and efficiency for all involved in the process of arriving at reasonable values.

If you wish to discuss this further, please contact me at (303) 460-5097.

Regards,

Anita Lobanov-Rostovsky

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