

**STATE BOARD OF EQUALIZATION**

Assessment Standards Division
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March 6, 1996

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Controller, Sacramento

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Executive Director

No. 96/19

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

VALUATION TABLES FOR COMPUTERS

In early 1995, the Board initiated a process for developing valuation factors for computer equipment for the 1996 lien date. The Board directed that three sets of valuation factors be developed for the 1996 lien date. These factors would be for: (1) small computers whose historic cost is \$24,999 or less; (2) midrange computers whose historic cost is \$25,000 to \$499,999; and (3) large computers whose historic cost is \$500,000 or more.

The factors were developed by analyzing resale values of personal, midrange, and mainframe computers as compared to original costs. No estimates of economic lives are stated or implied, since the tables were derived by analyzing market data rather than price indexes and economic life patterns.

The value factors are intended to be applied directly to historical costs. As such, the tables include the effects of price changes (index or trend) and depreciation.

Before using these tables, it is critically important to understand what types of equipment are intended to be valued using the tables.

First, the tables are intended to apply to **non-production computers**. Non-production computers are computers, including related equipment, designed for general business purposes. Non-production computers can be mainframe, midrange, or personal computers (including networked personal computers). Related equipment includes monitors, printers, scanners, disk drives, cables, and other electronic peripherals commonly used as part of a non-production computer system.

The definition of non-production computers does **not** include computers embedded in machinery nor does it include equipment or computers specifically designed for use in any other application directly related to manufacturing. For example, equipment used for the manufacture of computers, semiconductors, or other computer components are **production computers**, and the enclosed valuation tables are not appropriate for the valuation of such equipment.

TO COUNTY ASSESSORS

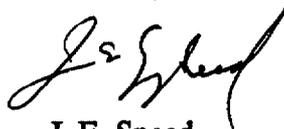
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After considering industry and assessors' concerns, the Board has approved the personal and mainframe computer factor tables located in Attachment I. The factor table for midrange computers costing \$25,001 to \$499,999 was not adopted. This table should be available, pending Board approval, after the next scheduled Board meeting on March 13, 1996.

If you have any questions regarding these tables, please contact Mark Buckley of the Assessment Standards Division at (916) 445-4982.

Sincerely,



J. E. Speed
Acting Deputy Director
Property Taxes Department

JES:dp

Enclosure

Board Staff Recommended Computer Valuation Tables For The 1996 Lien Date

Mainframe Computers (Computers costing \$500,000.01 and greater) Valuation Factors

YEAR ACQUIRED	VALUATION FACTOR
1996	91%
1995	73%
1994	49%
1993	36%
1992	22%
1991	13%
1990	8%
1989	5%
1988	3%
1987	2%

Personal Computers (Computers \$25,000 or less) Valuation Factors

YEAR ACQUIRED	VALUATION FACTOR
1996	85%
1995	57%
1994	36%
1993	23%
1992	14%
1991	9%
1990	6%
1989	4%
1988	2%
1987	2%