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December 27, 2004

No. 2004/081

TO COUNTY ASSESSORS:

ASSESSORS' HANDBOOK SECTION 581,
EQUIPMENT INDEX AND PERCENT GOOD FACTORS

CORRECTED CONSTRUCTION AND AGRICULTURAL EQUIPMENT
PERCENT GOOD FACTORS

Letter To Assessors 2004/074 distributed the annual revision of Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*, which contained several factor tables for valuation use on the 2005 lien date. The table for the Construction Mobile Equipment Percent Good Factors (Table 5) and the table for Agricultural Mobile Equipment Percent Good Factors (Table 6) both contain errors in the average factors column.

Enclosed are corrected tables for use for the 2005 lien date. Please remove pages 19-20 and 21-22 and insert the enclosed pages into your handbook. The corrected tables have been inserted into the January 2005 Assessors' Handbook Section 581 posted to the Board's Web site at <http://www.boe.ca.gov/proptaxes/pdf/ah581.pdf>.

We apologize for any inconvenience this may have caused. If you have any questions regarding this matter, please contact Ms. Ladeena Ford at (916) 324-5839.

Sincerely,

/s/ Dean R. Kinnee
for
David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk
Enclosure

TABLE 4: MACHINERY AND EQUIPMENT PERCENT GOOD FACTORS

INDIVIDUAL PROPERTIES--AVERAGE SERVICE LIFE
6.75% Rate of Return

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	Year
2004	1	67	76	81	85	87	89	91	92	93	94	94	95	95	96	96	97	97	98	99	99	99	1	2004	
2003	2	38	52	62	69	74	78	81	83	85	87	88	89	90	92	93	94	95	96	97	98	98	2	2003	
2002	3	17	32	45	54	61	67	71	75	78	80	82	84	85	88	89	91	92	94	95	97	98	3	2002	
2001	4	6	17	29	40	49	56	61	66	70	73	76	78	80	83	85	87	89	91	94	96	97	4	2001	
2000	5		8	18	28	37	45	52	57	62	66	69	72	75	79	81	84	86	89	92	94	96	5	2000	
1999	6		3	10	18	27	35	42	49	54	59	63	66	69	74	76	80	83	86	90	93	95	6	1999	
1998	7			5	11	19	26	34	41	46	52	56	60	64	70	72	76	80	84	89	92	94	7	1998	
1997	8			1	7	13	19	26	33	39	45	50	54	58	65	68	72	76	81	87	90	93	8	1997	
1996	9				3	8	14	20	26	32	38	44	48	53	60	63	69	73	78	85	89	92	9	1996	
1995	10					4	10	15	20	26	32	37	43	47	55	59	65	70	75	83	87	91	10	1995	
1994	11					1	6	11	16	21	26	32	37	42	50	54	61	66	73	80	86	89	11	1994	
1993	12						3	8	12	16	22	27	32	37	45	49	57	62	70	78	84	88	12	1993	
1992	13							5	9	13	17	22	27	32	41	45	52	59	66	76	82	87	13	1992	
1991	14							2	6	10	14	18	23	27	36	40	48	55	63	74	81	86	14	1991	
1990	15								4	7	11	15	19	23	32	36	44	51	60	71	79	84	15	1990	
1989	16								1	5	9	12	16	19	28	32	40	48	57	69	77	83	16	1989	
1988	17									2	6	9	13	16	24	28	37	44	54	66	75	81	17	1988	
1987	18										4	7	10	14	21	25	33	40	51	64	73	80	18	1987	
1986	19										1	5	8	11	18	22	29	37	47	61	71	78	19	1986	
1985	20											2	6	10	15	19	26	33	44	58	69	77	20	1985	
1984	21												4	8	13	16	23	30	41	56	67	75	21	1984	
1983	22												2	5	11	14	21	28	38	53	65	73	22	1983	
1982	23													3	10	12	18	24	35	50	62	72	23	1982	
1981	24													1	8	10	16	22	32	48	60	70	24	1981	
1980	25														6	8	14	19	29	45	58	68	25	1980	
1979	26															3	6	13	18	27	42	56	66	26	1979
1978	27															1	5	11	15	24	40	53	64	27	1978
1977	28																2	9	14	22	37	51	63	28	1977
1976	29																1	7	12	20	34	49	60	29	1976
1975	30																	5	11	18	32	46	59	30	1975
1974	31																	3	8	17	30	44	56	31	1974
1973	32																	2	7	15	28	42	54	32	1973
1972	33																		5	14	26	40	52	33	1972
1971	34																		3	12	24	38	50	34	1971
1970	35																		2	10	22	35	48	35	1970
1969	36																			9	21	33	46	36	1969
1968	37																			7	19	31	44	37	1968
1967	38																			5	17	29	42	38	1967
1966	39																			3	16	27	40	39	1966
1965	40																			2	15	26	38	40	1965

NO MINIMUM PERCENT GOOD INTENDED

TABLE 5: CONSTRUCTION MOBILE EQUIPMENT PERCENT GOOD FACTORS

Year Acquired	Age	CONSTRUCTION MOBILE EQUIPMENT		
		New	Used	Average*
2004	1	74	91	83
2003	2	66	81	74
2002	3	60	74	67
2001	4	55	68	62
2000	5	51	62	57
1999	6	47	58	53
1998	7	42	52	47
1997	8	38	47	43
1996	9	35	43	39
1995	10	31	38	35
1994	11	28	34	31
1993	12	26	32	29
1992	13	24	29	27
1991	14	22	27	25
1990	15	20	25	23
1989	16	19	23	21
1988	17	16	20	18
1987	18	13	17	15
1986	19	12	13	13
1985	20	11	11	11
1984	21		9	

NO MINIMUM PERCENT GOOD INTENDED

USE OF TABLE 5

The percent good table is designed to assist the appraiser in determining total loss of value once reproduction cost new (RCN) has been determined for the captioned equipment.

The table, derived from used equipment sales data, identifies a pattern of depreciation for construction mobile equipment. The column labeled "new" should be used to measure depreciation if the subject property was acquired new; conversely, the column labeled "used" should be applied when the equipment was purchased used. In cases where the taxpayer does not indicate if the property was first acquired new or first acquired used, table 5 provides an average of the new and used factors. The "new" and "used" factors may not be averaged unless the taxpayer does not indicate if the property was first acquired new or first acquired used.¹⁰

*Starting with the 2005 lien date, average factors were provided to reflect the provisions of section 401.16 as to use of average percent good factors.

¹⁰ Section 401.16.

TABLE 6: AGRICULTURAL MOBILE EQUIPMENT PERCENT GOOD FACTORS

Year Acquired	Age	AGRICULTURAL MOBILE EQUIPMENT						Age
		EXCEPT HARVESTERS			HARVESTERS			
		New	Used	Average	New	Used	Average*	
2004	1	78	92	85	74	90	82	1
2003	2	70	82	76	64	78	71	2
2002	3	64	75	70	57	69	63	3
2001	4	58	68	63	50	60	55	4
2000	5	52	62	57	43	53	48	5
1999	6	47	56	52	38	46	42	6
1998	7	42	50	46	33	40	37	7
1997	8	38	45	42	29	35	32	8
1996	9	34	40	37	25	30	28	9
1995	10	30	36	33	21	26	24	10
1994	11	27	32	30	19	23	21	11
1993	12	25	30	28	17	21	19	12
1992	13	23	28	26	15	18	17	13
1991	14	22	26	24		16		14
1990	15	20	23	22		14		15
1989	16	18	21	20		14		16
1988	17		19					17
1987	18		17					18
1986	19							19
1985	20							20
1984	21							21

NO MINIMUM PERCENT GOOD INTENDED

USE OF TABLE 6

The percent good table is designed to assist the appraiser in determining total loss of value once reproduction cost new (RCN) has been determined for the captioned equipment.

The table, derived from used equipment sales data, identifies a pattern of depreciation for two groups of equipment. Within each group three columns of percent good figures "new", "used", and average are listed. The column labeled "new" should be used to measure depreciation if the subject property was acquired new; conversely, the column labeled "used" should be applied when the equipment was purchased used. In cases where the taxpayer does not indicate if the property was first acquired new or first acquired used, table 6 provides an average of the new and used factors. The "new" and "used" factors may not be averaged unless the taxpayer does not indicate if the property was first acquired new or first acquired used.¹¹

*Starting with the 2005 lien date, average factors were provided to reflect the provisions of section 401.16 as to use of average percent good factors.

¹¹ Section 401.16.

TABLE 7: COMPUTER VALUATION FACTORS

Year Acquired	Age	PERSONAL COMPUTERS (\$25,000 or less)	MID-RANGE COMPUTERS (\$25,000.01 to \$500,000)	MAINFRAME COMPUTERS (\$500,000.01 or more)
2004	1	66	73	79
2003	2	39	47	54
2002	3	24	30	35
2001	4	15	19	22
2000	5	10	12	14
1999	6	6	8	9
1998	7	4	5	6
1997	8	2	3	4
1996	9	2	2	2

USE OF TABLE 7

Computer valuation tables were originally developed by the Board in 1995, and amended in 1997, by analyzing resale values of personal, mid-range, and mainframe computers as compared to original costs.¹² These factors are intended to be applied directly to historical costs of non-production computers. Non-production computers are computers, including related equipment, designed for general business purposes. Non-production computers do not include computers embedded in machinery and do not include equipment or computers specifically designed for use in any other application directly related to manufacturing. No estimates of economic lives are stated or implied, since the tables were not derived by analyzing price indexes and economic life patterns.

¹² Prior to January 2000, computer valuation tables were distributed via Letter To Assessors. For more information regarding the original study and development of these factors, please refer to LTA's 97/18, 96/27, and 96/19.