

STATE OF NEVADA
DEPARTMENT OF TAXATION

2004-2005

PERSONAL PROPERTY MANUAL



PREPARED BY THE
DIVISION OF ASSESSMENT STANDARDS

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How to Use This Manual

The first step in valuing personal property is to select the appropriate expected life. First determine whether the property to be valued may be listed as “Special Properties.” The Special Properties section identifies unique types of property meriting special consideration for expected life, including short-life fungible property, information systems, computer-integrated machinery, computerized equipment, high-tech medical diagnostic equipment, and high-tech electronic medical equipment. The Special Properties section also includes a segment on furniture and trade fixtures which may be found across all industries. A segment on mobile homes and billboards is also included.

For all other types of equipment and industries, the Life Expectancy Guidelines Section should be used. The Life Expectancy Guidelines are arranged by N.A.I.C.S. code into major industrial classifications. Each industrial category is assigned an expected life. Certain types of equipment within the industry are identified separately as “Itemized Equipment.” The “Itemized Equipment” Section under each industry group provides a specific life which may be different from the industry as a whole. If the itemized equipment can be identified, the specific life is preferable to the industry classification expected life.

Once the appropriate expected life is selected, turn to the Cost Conversion Index for that life. Identify the age of the property and apply the conversion factor appropriate to the age to the original acquisition cost to determine the taxable value.

A Note on NAICS

Beginning in 1997, the **Standard Industrial Classification** (SIC) was replaced by the **North American Industry Classification System** (NAICS). This six digit code is a major revision that not only provides for newer industries, but also reorganizes the categories on a production/process-oriented basis. This new, uniform, industry-wide classification system has been designed as the index for statistical reporting of all economic activities of the U.S., Canada, and Mexico.

NAICS is not intended to replace any computer identification code currently used by assessors. NAICS is included only as a handy reference for all users of the Personal Property Manual. For example, if an assessor was not sure of the type of property being reported, the taxpayer could provide the NAICS code and the assessor could quickly look up the code and better identify the type of property being reported. An excellent descriptive resource may be found at <http://www.census.gov/epcd/naics02/> for each industry group.

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Industry Additions

Expected Life

All industry additions were made as a result of consulting the U.S. Census Bureau Report on “Nevada County Business Patterns.” These industries exist in Nevada, but have not been previously separately identified for purposes of the Personal Property Manual.

Apparel Manufacturing	15
Audio and Video Equipment Manufacturing	10
Abrasive Product Manufacturing	20
Computer and Electronic Product Manufacturing	7
Computer and Peripheral Equipment Manufacturing	7
Communications Equipment Manufacturing	7
Child Day Care Facilities	10
Furniture and Related Product Manufacturing	10
Internet Service Providers, Web Search Portals, & Data Processing Services	See special properties
Navigation, Measuring, Medical, Control Instrument Manufacturing	7
Pharmaceutical and Medicine Manufacturing	15
Performing Arts, Spectator Sports, and Related	10
Semiconductor and Other Electronic Components	5
Waste Management and Remediation Services	10
Wholesale Trade Fixtures and Equipment	15
Wood Product Manufacturing	15

Special Properties

Expected Life

Short-life Properties	3
Fungible Property	
Linens, glassware, barware, silverware	
Uniforms	
Pots, pans, utensils	
Motion Picture Prints	
Rental Video Tapes, DVDs, and CDs	
Some jigs, dies, molds	
Information Systems: based on Department’s market study	
PCs and associated Peripherals	5
Mini-computers, i.e. AS 400s	5
Mainframe computers	7
Computer-integrated Machinery	7
High-tech Medical Diagnostic Equipment	5
High-tech Electronic Medical Equipment	7

Quick Reference Guide to Changes in the 2004-2005 Personal Property Manual

Changes from Previous Life Assignment:

Italicized property indicates new itemized listings under the category, even if the general category did not change.

	<u>Previous Life Assignment</u>	<u>New Life Assignment</u>
Agriculture	15	15
<i>Fertilizer Distribution</i>		<i>10</i>
<i>Laser sending and receiving equipment</i>		<i>10</i>
<i>Seed cleaning machinery and equipment</i>		<i>20</i>
<i>Seed cleaning equipment – portable</i>		<i>10</i>
<i>Egg Packing equipment</i>		<i>20</i>
Aircraft	20	20
<i>Kit built aircraft</i>		<i>15</i>
<i>Gliders</i>		<i>15</i>
<i>Hot Air Balloons</i>		<i>15</i>
<i>Experimental Aircraft</i>		<i>15</i>
Amusement, Gambling, and Recreation Industries	15	
<i>Race cars</i>		<i>3</i>
<i>Ski Area Equipment: Snow Cats and Packers</i>		<i>7</i>
<i>Ski Area Equipment: Tows and Lifts</i>		<i>30</i>
<i>Ski Lift Towers</i>		<i>30</i>
Accommodation	15	15
<i>Health Spa Equipment: Manual</i>		<i>15</i>
<i>Health Spa Equipment: Electronic</i>		<i>7</i>
<i>Televisions</i>		<i>5</i>
Broadcasting	15	
<i>Radio Broadcasting</i>		<i>10</i>
<i>Radio Production equipment</i>		<i>7</i>
<i>Service and Repair equipment</i>		<i>10</i>
<i>Transmitting Towers</i>		<i>30</i>
<i>Television Broadcasting</i>		<i>10</i>
<i>Television Production equipment</i>		<i>7</i>
<i>Service and Repair equipment</i>		<i>10</i>
<i>Transmitting Towers</i>		<i>30</i>

Quick Reference Guide to Changes in the 2004-2005 Personal Property Manual

	<u>Previous Life Assignment</u>	<u>New Life Assignment</u>
Cable TV	15	
<i>Fiber optic cable</i>		15
<i>Headend Equipment, except towers</i>		10
<i>Microwave Systems, except towers</i>		10
<i>Program Origination Equipment</i>		10
<i>Satellite Dish Relay; Earth station equipment</i>		10
<i>Service and Test Equipment</i>		10
<i>Subscriber Connection and Distribution Systems</i>		10
<i>Transmitting Towers</i>		30
Cement and Concrete Product Manufacturing	20	20
<i>Production Equipment</i>		20
<i>Quarry Equipment</i>		15
<i>Portable ready-mix plants</i>		15
Construction	15	
<i>Construction of Buildings</i>		15
<i>Heavy and Civil Engineering Construction</i>		15
<i>Specialty Trade Construction</i>		15
<i>Cranes</i>		
<i>Bridge</i>		20
<i>Mobile Telescopic</i>		10
<i>Electric Generating Equipment</i>		20
<i>Electronic controlled infrared/laser instruments</i>		10
Food Production	15	15
<i>Mechanical portion of packing and sorting line equipment</i>	20	30
<i>Electronic portion of line equipment</i>	20	10
<i>If electronic cannot be separated from mechanical, overall</i>	20	20
Grain	15	
<i>Grain elevators, non-farm</i>		20
Logging and lumber	15	15
<i>Chain Saws</i>	7	5
Motor Transport (including casino give-aways)	15	10
<i>Transit and Ground Passenger Transportation</i>		
<i>Buses</i>	15	15
<i>Taxis</i>	7	7

Quick Reference Guide to Changes in the 2004-2005 Personal Property Manual

	<u>Previous Life Assignment</u>	<u>New Life Assignment</u>
Mining	15	15
<i>Oxygen generation</i>		20
<i>Mobile Equipment, Heavy Use</i>		7
Oil and Gas Development, Marketing	15	15
<i>Bolted and fiberglass tanks</i>		15
<i>Drilling rigs</i>		15
<i>Heaters, treaters, knockouts, separators, conditioning equipment</i>		15
<i>LACT units, metering devices, test equipment, manifolds</i>		15
<i>Motors, engines, drive units</i>		10
<i>Secondary recovery (injection pumps, re-pressure equipment)</i>		15
<i>Transformers</i>		30
Paper	15	
<i>Pulp, paper and paperboards mills</i>		15
<i>Converted Paper Product Manufacturing</i>		15
Rentals	7	7
<i>Formal wear and costume rental</i>		5
<i>Linens and Uniforms</i>		<i>See special properties</i>
<i>Musical Instrument Rentals</i>		7
<i>Rent-to-Own Merchandise</i>		7
Telecommunications (formerly telephone)	20	
<i>Central Office Equipment, except computer-based switching equipment</i>		15
<i>Computer-based switching equipment</i>		5
<i>Distribution Plant</i>		30
<i>Fiber Optic Cable</i>		15
<i>Microwave Systems, except Towers</i>		10
<i>Station Equipment</i>		10
<i>Cellular Towers</i>		20
Telephone Systems and Equipment	7	
<i>Paging systems</i>		5
<i>Telephone equipment, including cellular phones, telex, & facsimile</i>		5
Waste Management and Remediation		
<i>Garbage Dumpsters</i>		10
<i>Portable Toilets</i>		10

Special Properties

SHORT-LIFE PROPERTY

This category is designed for fungible property that is highly susceptible to breakage, loss, rapid wear and tear, or subject to extreme obsolescence. Examples include:

- Linens
- Glassware
- Barware
- Silverware
- Uniforms
- Pots, Pans, Utensils
- Motion Picture Prints
- Rental Video Tapes, DVDs, CDs

The recommended life expectancy for this category is three years.

Some patterns, jigs, dies, and molds may also be subject to this category. The appraiser will have to determine from the individual manufacturer the average life of the equipment used in current production before assigning the life expectancy for this category. Examples of short-life molds include an injection mold for plastic parts of a high-tech device or a mold used in heavy production that wears out relatively quickly.

INFORMATION SYSTEMS

Information systems means computers and peripheral equipment that are used in administering normal business transactions and the maintenance, retrieval, and analysis of business records.

A computer is a programmable, electronically-activated device, capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines and electronic calculators.

Peripheral equipment consists of the auxiliary machines which are designed to be placed under the control of a central processing unit. Peripheral equipment may include card readers, card punches, mass storage units, paper tape equipment, keypunches, data-entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators.

For purposes of estimating life, computers and peripherals are classified into three categories:

PCs and associated peripherals
Mini-computers, i.e. AS 400s
Mainframe computers

Five year life
Five year life
Seven year life

COMPUTER-INTEGRATED MACHINERY

Computer integrated machinery has the following characteristics:

- 1.) The machinery cannot operate without the computer and the computer cannot perform functions outside the machine.
- 2.) The machinery and computer are sold as a single unit.
- 3.) The components of the system are an integral and structural part of the equipment itself, and it is not economically or operationally practical to replace the system without replacing the entire piece of machinery.
- 4.) The total cost of the machine and computer combined is depreciated as a unit for income tax purposes.
- 5.) The capabilities of the machine cannot be expanded by substituting a more complex computer for the original.

Examples of computer-integrated machinery include computer driven mills; computer integrated manufacturing machinery; computer integrated fabrication machinery; computerized machine lathes; and computerized assembly machinery.

The recommended life expectancy for this category is seven years.

COMPUTERIZED EQUIPMENT

This category includes machines that are controlled by computers where the computer is sold as a separate unit from the machine and can perform multiple functions exclusive of the machine. The computer equipment has the same expected life as similar computer equipment and the machinery has an expected life that is assigned to its specific industry.

Examples of computerized equipment include computerized machine lathes or computerized assembly machinery. **The recommended life for this type of equipment should be in two components:**

- (a) that of the free-standing computer system component; and**
- (b) that of the equipment component.**

HIGH-TECH MEDICAL DIAGNOSTIC EQUIPMENT

The equipment in this category has the following characteristics:

- 1.) Used in medical or dental facilities;
- 2.) Subject to a high degree of functional and economic obsolescence due to rapid technological development.

Examples include:

- Cardiac Ultrasonic Scanners
- CAT (Comp Tomography) Scanners
- Diagnostic Ultrasounds
- General Ultrasonic Scanners
- MRI (Magnetic) Scanners
- Nuclear Medicine Cameras
- OB/GYN Ultrasonic Scanners
- PET Scanners (Positron) Emission
- All Portable Units of Same

The recommended life expectancy for this category is five years.

HIGH-TECH ELECTRONIC MEDICAL EQUIPMENT

The equipment in this category has the following characteristics:

- 1.) Used in medical or dental facilities;
- 2.) Subject to functional and economic obsolescence due to technological development.

Examples include:

Patient Monitors of all kinds	EKG Machines
Anesthesia Monitors	External Pace Makers
Apnea Monitors	Heart Rate Devices
Blood Pressure Monitors	Neurological Monitors
Chart Recorders	Oximeters
Defibs	Oxygen Analyzers
Detox Analyzers	Spirometers
Dopplers	Systolic Monitors
EEG Machines	Temperature Monitors

The recommended life expectancy for this category is seven years.

FURNITURE AND TRADE FIXTURES

This category includes furniture and trade fixtures that can be found across industries.

<u>Description</u>	<u>Life in Years</u>
Air Conditioners	15
Air Conditioners, Window	7
Cash Registers (electronic)	7
Coin-wrap Equipment	15
Copy and Duplicating Machines	7
Cabinets and Shelving	15
Check-out Counters	15
Data Processing Equipment (See Also Information Systems)	7
Décor	15
Displays, Cases, and Racks	15
Mailing machines	7
Office Furniture (Desks, Chairs, Filing Cabinets)	15
POS – Point-of-Sale Computer Systems	7
Signs (Other than electronic)	15
Signs, Electronic	7
Sound Systems (background and public address)	7

MOBILE OR MANUFACTURED HOMES

This section applies only to those mobile or manufactured homes that are classified as personal property. Pursuant to NRS 361.561, those units identified as a "travel trailer," "utility trailer" and "van conversion," in chapter 482 of NRS and any other vehicle required to be registered with the department of motor vehicles and public safety are subject to the personal property tax unless registered and taxed pursuant to Chapter 371 of NRS. Such unregistered units and vehicles must be taxed in the manner provided in NRS 361.562 to 361.5644, inclusive.

The sticker issued pursuant to NRS 361.5643 must be affixed to a mobile or manufactured home in such a way that the sticker is clearly visible from the street. The window decal is not required for licensed mobile units or on units considered real property and may be issued at the option of the county assessor.

As required by NRS 361.325(3), mobile homes are segregated into two different categories for assessment purposes, based on age. Mobile homes sold on or after July 1, 1982 shall be classified according to those factors which most closely determine their useful lives. In establishing the value of other mobile homes, the commission shall begin with the retail selling price and depreciate it by 5 percent per year, but not below 20 percent of its original amount. The assessment ratio in all cases is 35 percent of the

computed taxable values. See NAC 361.130 for additional information on the calculation of value for mobile homes.

Depreciation schedules and cost conversion factors apply to the 2004-2005 secured and unsecured tax rolls. The 2004-2005 Cost Conversion Index for Mobile or Manufactured Homes may be found on page 36 of this Manual.

BILLBOARDS

NRS 361.227 requires that depreciation of a billboard must be calculated at 1.5 percent of the cost of replacement for each year after the year of acquisition of the billboard, up to a maximum of 50 years. Additional information on the calculation of billboards may be found in NAC 361.1305.

Depreciation schedules and cost conversion factors apply to the 2004-2005 secured and unsecured tax rolls. The 2004-2005 Cost Conversion Index for Billboards may be found on page 37 of this Manual.

Life Expectancy Guidelines

*NAICS
Industry
Code*

Description

Life in Years

11 Agriculture and Forestry

111 Crop Production 15

Includes machinery and equipment such as tractors, combines, hay balers, forage harvesters, unlicensed farm vehicles including utility trailers, wagons and utensils used to grow crops mainly for food and fiber. The subsection comprises establishments, such as farms, orchards, groves, greenhouses, and nurseries, primarily engaged in growing crops, plants, vines, or trees (including Christmas trees) and their seeds.

Itemized Equipment

Fertilizer Distribution	10
Laser sending and receiving equipment	10
Seed cleaning machinery and equipment	20
Seed cleaning equipment – portable	10

112 Animal Production. 15

Includes machinery and equipment used to raise or fatten animals for the sale of animals or animal products. The subsection comprises establishments, such as ranches, farms, and feedlots primarily engaged in keeping, grazing, breeding, or feeding animals. These animals are kept for the products they produce or for eventual sale.

Itemized Equipment

1125 Animal Aquaculture, including nets and pens	7
11212 Dairy Production	15
1123 Egg Packing equipment	20

113 Forestry and Logging. 15

Includes machinery and equipment used to: (1) cut timber; (2) cut and transport timber; and (3) produce wood chips in the field, including stationary saw mills, skidders, and log loaders.

Itemized Equipment

Chain saws	5
Portable saw mill	7

**NAICS
Industry
Code**

Description

Life in Years

21	Mining	
2111	Oil and Gas Extraction.	20

Machinery and equipment used in oil and gas extraction are used to explore for crude petroleum and natural gas; drilling, completing, and equipping wells; operating separators, emulsion breakers, desilting equipment, and field gathering lines for crude petroleum and natural gas; and all other activities in the preparation of oil and gas up to the point of shipment from the producing property. Includes wellheads and Christmas tree configurations; pumping units, triplexes, lift equipment; flowlines and pipelines.

Itemized Equipment

Bolted and fiberglass tanks	15
Drilling rigs	15
Heaters, treaters, knockouts, separators, conditioning equipment	15
LACT units, metering devices, test equipment, manifolds	15
Motors, engines, drive units	10
Secondary recovery (injection pumps, re-pressure equipment)	15
Transformers	30

2122	Metal Ore Mining.	15
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Machinery and equipment is used in developing mine sites or mining metallic minerals, ore dressing and beneficiating (i.e., preparing) operations, such as crushing, grinding, washing, drying, sintering, concentrating, and calcining. Beneficiating may be performed at mills operated in conjunction with the mines served or at mills, such as custom mills, operated separately.

Itemized Equipment

Oxygen generation	20
Mobile equipment, heavy use*	7

*Heavy use is defined as in operation for more than one shift per day, seven days a week. Mining mobile equipment eligible for this category includes haul packs, loaders, shovels, dozers, graders, backhoes, drilling trucks, and excavators.

2123	Nonmetallic mineral mining and quarrying.	15
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Machinery and equipment is used in developing the mine site, mining or quarrying dimension stone (i.e., rough blocks and/or slabs of stone), or mining and quarrying crushed and broken stone and/or (2) preparation plants primarily engaged in beneficiating stone (e.g., crushing, grinding, washing, screening, pulverizing, and sizing). It includes machinery used to manufacture gypsum products.

*NAICS
Industry
Code*

Description

Life in Years

22

Utilities

2211

Electric Power Generation, Transmission, and Distribution

20

Assets are used in generating, transmitting, and/or distributing electric power. Establishments in this industry group may perform one or more of the following activities: (1) operate generation facilities that produce electric energy; (2) operate transmission systems that convey the electricity from the generation facility to the distribution system; and (3) operate distribution systems that convey electric power received from the generation facility or the transmission system to the final consumer.

2212

Natural Gas Distribution. 20

Assets are used in (1) operating gas distribution systems (e.g., mains, meters); (2) establishments known as gas marketers that buy gas from the well and sell it to a distribution system; (3) establishments known as gas brokers or agents that arrange the sale of gas over gas distribution systems operated by others; and (4) establishments primarily engaged in transmitting and distributing gas to final consumers.

2213

Water, Sewage, and Other Systems. 20

This industry comprises establishments primarily engaged in operating water treatment plants and/or operating water supply systems. The water supply system may include pumping stations, aqueducts, and/or distribution mains. The water may be used for drinking, irrigation, or other uses.

221339

Steam and Air-Conditioning Supply. 20

Assets are used in providing steam, heated air, or cooled air. The steam distribution may be through mains.

**NAICS
Industry
Code**

Description

Life in Years

23	Construction	
236	Construction of Buildings.	15
237	Heavy and civil engineering construction.	15
238	Specialty Trade construction.	15

Machinery and equipment used primarily in the construction of buildings, major engineering projects such as highways and dams, and specialty trades such as pouring concrete, site preparation, plumbing, painting, and electrical work. Includes fixed load and mobile equipment such as:

Air compressors	Motor graders/leveling graders
Air drills	Paving equipment
Asphalt plants	Portable storage bins
Asphalt spreaders	Portable storage tanks
Backhoe/loaders	Portable shop
Carryalls	Power hoists
Cement mixers/spreaders	Power shovels
Crusher/crushing plant	Roadrollers/sheepsfoot rollers
Crawler cranes/ tractors	Sand classifiers and drags
Ditchers/diggers	Scarifiers and rollers
Earthmoving scrapers	Scrap metal balers
Excavators	Scrubber screens and plant feeders
Fork lifts	Welder
Front end loaders/bucket loaders	Wiring Equipment
Mixmobiles	

Other Itemized Equipment

Cranes	
Bridge	20
Mobile Telescopic	10
Electric generating equipment	20
Electronic controlled infrared/laser instruments	10
Hand tools (perishable)	7
Mobile equipment, heavy use*	7

*Heavy use is defined as in operation for more than one shift per day, seven days a week

31	Manufacturing	
311	Food Manufacturing.	15

Machinery and equipment used in this industry transform livestock and agricultural products into products for intermediate or final consumption. The food products manufactured in these establishments are typically sold to wholesalers or retailers for distribution to consumers, but establishments primarily engaged in retailing bakery and candy products made on the premises not for immediate consumption are included.

**NAICS
Industry
Code**

Description

Life in Years

311 Food Manufacturing. 15

Includes equipment such as walk-in coolers, freezers and other refrigeration, grain tanks, bottling and canning equipment in the following industries:

- 3111 Animal food manufacturing
- 3112 Grain and oilseed milling
- 3113 Sugar and confectionery product manufacturing
- 3114 Fruit and vegetable preserving and specialty food manufacturing
 - 31141 Frozen food manufacturing
 - 31142 Fruit and vegetable canning
- 3115 Dairy product manufacturing
- 3116 Animal slaughtering and processing
- 3117 Seafood product preparation and packaging
- 3118 Bakeries and tortilla manufacturing
 - 311811 Retail bakeries
 - 311812 Commercial bakeries
- 3119 Other food manufacturing, such as honey processing

Itemized Equipment

- Cereal manufacturing 20
- Grain elevators, non-farm 20
- Mechanical portion of packing and sorting line equipment 30
- Electronic portion of line equipment* 10

*If electronic component's original cost cannot be separated from other line assets, use 20 years.

312 Beverage and Tobacco Product Manufacturing. 15

Machinery and equipment are used to manufacture beverages and tobacco products. Ice manufacturing, while not a beverage, is included with nonalcoholic beverage manufacturing because it uses the same production process as water purification. Manufacturing processes include:

- 31211 Soft drink manufacturing
- 31212 Breweries
- 31213 Wineries
- 31214 Distilleries

Itemized Equipment

- Cold Storage and Ice-making equipment 20

313 Textile Mills. 15

The main processes in this industry include preparation and spinning of fiber, knitting or weaving of fabric, and the finishing of the textile.

*NAICS
Industry
Code*

Description

Life in Years

314 Textile Product Mills. 15

With a few exceptions, processes used in this industry are generally cut and sew (i.e., purchasing fabric and cutting and sewing to make nonapparel textile products, such as sheets and towels).

315 Apparel Manufacturing. 15

The Apparel Manufacturing industry includes a diverse range of establishments manufacturing full lines of ready-to-wear apparel and custom apparel: apparel contractors, performing cutting or sewing operations on materials owned by others; jobbers performing entrepreneurial functions involved in apparel manufacture; and tailors, manufacturing custom garments for individual clients.

316 Leather and Allied Product Manufacturing. 15

Machinery and equipment is used to transform hides into leather by tanning or curing and fabricating the leather into products for final consumption. It also includes the manufacture of similar products from other materials, including products (except apparel) made from "leather substitutes," such as rubber, plastics, or textiles. It includes dyeing or dressing furs.

321 Wood Product Manufacturing. 15

The production processes of the Wood Product Manufacturing subsector include sawing, planing, shaping, laminating, and assembling of wood products starting from logs that are cut into bolts, or lumber that then may be further cut, or shaped by lathes or other shaping tools. The lumber or other transformed wood shapes may also be subsequently planed or smoothed, and assembled into finished products, such as wood containers.

322 Paper Manufacturing. 15

3221 Pulp, paper and paperboards mills. 15

The manufacturing of pulp involves separating the cellulose fibers from other impurities in wood or used paper. The manufacturing of paper involves matting these fibers into a sheet.

3222 Converted Paper Product Manufacturing. 15

Paperboard container manufacturing uses corrugating, cutting, and shaping machinery to form paperboard into containers. Paper bag and coated and treated paper manufacturing establishments cut and coat paper and foil. Stationery product manufacturing establishments make a variety of paper products used for writing, filing, and similar applications. Other converted paper product manufacturing includes, in particular, the conversion of sanitary paper stock into such things as tissue paper and disposable diapers.

**NAICS
Industry
Code**

Description

Life in Years

323 Printing and related support activities. 15

Machinery and equipment, including presses, used to transfer an image from a plate, screen, film, or computer file to some medium, such as paper, plastics, metal, textile articles, or wood. The most prominent of these methods is to transfer the image from a plate or screen to the medium (lithographic, gravure, screen, and flexographic printing).

When publishing and printing are done in the same establishment, the establishment is classified under Industry Code 51, Information.

Itemized Equipment

Digital or nonimpact printing equipment (Uses a computer file to directly "drive" the printing mechanism to create the image)	7
Blue Print Machines	15
Blue Print Machines – small table model	7

324 Petroleum and Coal Products Manufacturing. 20

Machinery and equipment is used to transform crude petroleum and coal into usable products. The dominant process is petroleum refining that involves the separation of crude petroleum into component products through such techniques as cracking and distillation. Products such as asphalt coatings and petroleum lubricating oils are made.

325 Chemical Manufacturing. 15

3251 Basic Chemical Manufacturing. 15

Machinery and equipment used in both basic chemical processes, such as thermal cracking and distillation, and in petrochemical processes, such as (1) manufacturing acyclic (i.e., aliphatic) hydrocarbons such as ethylene, propylene, and butylene made from refined petroleum or liquid hydrocarbon and/or (2) manufacturing cyclic aromatic hydrocarbons such as benzene, toluene, styrene, xylene, ethyl benzene, and cumene made from refined petroleum or liquid hydrocarbons.

3254 Pharmaceutical and Medicine Manufacturing. 15

Machinery and equipment is used in one or more of the following: (1) manufacturing biological and medicinal products; (2) processing (i.e., grading, grinding, and milling) botanical drugs and herbs; (3) isolating active medicinal principals from botanical drugs and herbs; and (4) manufacturing pharmaceutical products intended for internal and external consumption in such forms as ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions.

**NAICS
Industry
Code**

Description

Life in Years

3255 Paint, Coating, and Adhesive Manufacturing. 15

Machinery and equipment is used to (1) mix pigments, solvents, and binders into paints and other coatings, such as stains, varnishes, lacquers, enamels, shellacs, and water repellent coatings for concrete and masonry, and/or (2) manufacture allied paint products, such as putties, paint and varnish removers, paint brush cleaners, and frit.

326 Plastics and Rubber Products Manufacturing. 15

3261 Plastics Product Manufacturing. 15

Machinery and equipment is used in processing new or spent (i.e., recycled) plastics resins into intermediate or final products, using such processes as compression molding; extrusion molding; injection molding; blow molding; and casting.

Itemized Equipment

Special tools 7

3262 Rubber Product Manufacturing. 15

This industry group comprises establishments primarily engaged in processing natural, and synthetic or reclaimed rubber materials into intermediate or final products using processes such as vulcanizing, cementing, molding, extruding, and lathe-cutting.

Itemized Equipment

Special tools 7

327 Nonmetallic Mineral Product Manufacturing. 20

Machinery and equipment is used to transform mined or quarried nonmetallic minerals, such as sand, gravel, stone, clay, and refractory materials, into products for intermediate or final consumption. Processes used include grinding, mixing, cutting, shaping, and honing. Heat often is used in the process and chemicals are frequently mixed to change the composition, purity, and chemical properties for the intended product. For example, glass is produced by heating silica sand to the melting point (sometimes combined with cullet or recycled glass) and then drawn, floated, or blow molded to the desired shape or thickness. Refractory materials are heated and then formed into bricks or other shapes for use in industrial applications.

3271 Clay Product and Refractory Manufacturing. 15

Machinery and equipment is used in shaping, molding, glazing, and firing pottery, ceramics, and plumbing fixtures made entirely or partly of clay or other ceramic materials.

*NAICS
Industry
Code*

Description

Life in Years

3272 Glass and Glass Product Manufacturing. 15

Machinery and equipment is used in manufacturing glass and/or glass products. Establishments in this industry may manufacture glass and/or glass products by melting silica sand or cullet, or purchasing glass.

Itemized Equipment

Special tools 5

3273 Cement and Concrete Product Manufacturing. 20

Machinery and equipment is used in manufacturing portland, natural, masonry, pozzalanic, and other hydraulic cements. Cement manufacturing establishments may calcine earths or mine, quarry, manufacture, or purchase lime.

Itemized Equipment

Production equipment 20
 Quarry equipment 15
 Portable ready-mix plants 15

3274 Lime & Gypsum Product Manufacturing. 20

Machinery and equipment is used in manufacturing lime from calcitic limestone, dolomitic limestone, or other calcareous materials, such as coral, chalk, and shells. Lime manufacturing establishments may mine, quarry, collect, or purchase the sources of calcium carbonate.

3279 Abrasive Product Manufacturing. 20

Machinery and equipment is used in manufacturing abrasive grinding wheels of natural or synthetic materials, abrasive-coated products, and other abrasive products.

327991 Cut Stone and Stone Product Manufacturing. 15

Machinery and equipment is used in cutting, shaping, and finishing granite, marble, limestone, slate, and other stone for building and miscellaneous uses. Stone product manufacturing establishments may mine, quarry, or purchase stone.

**NAICS
Industry
Code**

Description

Life in Years

331 Primary Metal Manufacturing. 20

Machinery and equipment is used to smelt and/or refine ferrous and nonferrous metals from ore, pig or scrap, using electrometallurgical and other process metallurgical techniques. Metal alloys and superalloys are also manufactured by introducing other chemical elements to pure metals. The output of smelting and refining, usually in ingot form, is used in rolling, drawing, and extruding operations to make sheet, strip, bar, rod, or wire, and in molten form to make castings and other basic metal products.

Includes:

3311 Iron and Steel Mills and Ferroalloy Manufacturing

Itemized Equipment

Special Tools 7

332 Fabricated Metal Product Manufacturing. 15

Machinery and equipment is used to transform metal into intermediate or end products, other than machinery, computers and electronics, and metal furniture or treating metals and metal formed products fabricated elsewhere. Important fabricated metal processes are forging, stamping, bending, forming, and machining, used to shape individual pieces of metal; and other processes, such as welding and assembling, used to join separate parts together.

Itemized Equipment

Special Tools 5

333 Machinery Manufacturing. 15

Machinery and equipment is used to create end products that apply mechanical force, for example, the application of gears and levers, to perform work. Some important processes for the manufacture of machinery are forging, stamping, bending, forming, and machining that are used to shape individual pieces of metal. Processes, such as welding and assembling are used to join separate parts together. Although these processes are similar to those used in metal fabricating establishments, machinery manufacturing is different because it typically employs multiple metal forming processes in manufacturing the various parts of the machine.

333314 Optical Instrument and Lens Manufacturing. 15

Machinery and equipment is used in: (1) manufacturing optical instruments and lens, such as binoculars, microscopes (except electron, proton), telescopes, prisms, and lenses (except ophthalmic); (2) coating or polishing lenses (except ophthalmic); and (3) mounting lenses (except ophthalmic).

*NAICS
Industry
Code*

Description

Life in Years

334 Computer and Electronic Product Manufacturing. 7

Machinery and equipment is used in the manufacture of computers, computer peripherals, communications equipment, and similar electronic products and components. The design and use of integrated circuits and the application of highly specialized miniaturization technologies are common elements in the production technologies of the computer and electronic industry.

3341 Computer and Peripheral Equipment Manufacturing. 7

Machinery and equipment is used in manufacturing and/or assembling electronic computers, such as mainframes, personal computers, workstations, laptops, and computer servers; and computer peripheral equipment, such as storage devices, printers, monitors, input/output devices and terminals.

3342 Communications Equipment Manufacturing. 7

Machinery and equipment is used in manufacturing wire telephone and data communications equipment. These products may be standalone or board-level components of a larger system. Examples of products made by these establishments are central office switching equipment, cordless telephones (except cellular), PBX equipment, telephones, telephone answering machines, LAN modems, multi-user modems, and other data communications equipment, such as bridges, routers, and gateways.

3343 Audio and Video Equipment Manufacturing. 10

Machinery and equipment is used in manufacturing electronic audio and video equipment for home entertainment, motor vehicle, public address and musical instrument amplifications. Examples of products made include video cassette recorders, televisions, stereo equipment, speaker systems, household-type video cameras, jukeboxes, and amplifiers for musical instruments and public address systems.

3344 Semiconductor and Other Electronic Components. 5

Machinery and equipment is used in manufacturing semiconductors and other components for electronic applications. Examples of products made by these establishments are capacitors, resistors, microprocessors, bare and loaded printed circuit boards, electron tubes, electronic connectors, and computer modems.

Includes clean room equipment, crystal growing equipment, deionized water systems, encapsulation equipment, photo mask and wafer manufacturing equipment, semiconductor chemical and gas systems, semiconductor electrical systems, and semiconductor test equipment.

**NAICS
Industry
Code**

Description

Life in Years

3345 Navigation, Measuring, Medical, Control Instrument Manufacturing. . . .7

Machinery and equipment is used in manufacturing navigational, measuring, electromedical, and control instruments. Examples of products made by these establishments are aeronautical instruments, appliance regulators and controls (except switches), laboratory analytical instruments, navigation and guidance systems, and physical properties testing equipment.

335 Electrical Equipment, Appliance, and Component Manufacturing 15

Machinery and equipment is used to manufacture products that generate, distribute and use electrical power, such as electric lamp bulbs, lighting fixtures, small and major electrical appliances, electric motors, generators, transformers, switchgear apparatus, devices for storing electrical power (e.g., batteries), for transmitting electricity (e.g., insulated wire), and wiring devices (e.g., electrical outlets, fuse boxes, and light switches).

336 Transportation Equipment Manufacturing. 15

Machinery and equipment is used in production processes similar to those of other machinery manufacturing establishments - bending, forming, welding, machining, and assembling metal or plastic parts into components and finished products.

The section includes:

- 3361 Motor Vehicle Manufacturing
- 3362 Motor Vehicle Body & Trailer Manufacturing
- 3363 Motor Vehicle Parts Manufacturing
- 3365 Railroad Rolling Stock Manufacturing

3364 Aerospace Product and Parts Manufacturing. 15

Machinery and equipment is used in one or more of the following: (1) manufacturing complete aircraft, missiles, or space vehicles; (2) manufacturing aerospace engines, propulsion units, auxiliary equipment or parts; (3) developing and making prototypes of aerospace products; (4) aircraft conversion (i.e., major modifications to systems); and (5) complete aircraft or propulsion systems overhaul and rebuilding (i.e., periodic restoration of aircraft to original design specifications).

This section includes:

- 336412 Aircraft Engine and Engine Parts Manufacturing

**NAICS
Industry
Code**

Description

Life in Years

337 Furniture and Related Product Manufacturing. 10

Machinery and equipment is used to make furniture and related articles, such as mattresses, window blinds, cabinets, and fixtures. The processes used in the manufacture of furniture include the cutting, bending, molding, laminating, and assembly of such materials as wood, metal, glass, plastics, and rattan.

339 Miscellaneous Manufacturing. 15

Machinery and equipment is used in the manufacture of products as diverse as medical equipment and supplies, jewelry, sporting goods, toys, and office supplies.

33991 Jewelry and Silverware Manufacturing. 15

Machinery and equipment is used in: (1) manufacturing, engraving, chasing, or etching jewelry; (2) manufacturing metal personal goods (i.e., small articles carried on or about the person, such as compacts or cigarette cases); (3) manufacturing, engraving, chasing, or etching precious metal solid, precious metal clad, or pewter cutlery and flatware; (4) manufacturing, engraving, chasing, or etching personal metal goods (i.e., small articles carried on or about the person, such as compacts or cigarette cases); (5) stamping coins; (6) manufacturing unassembled jewelry parts and stock shop products, such as sheet, wire, and tubing; (7) cutting, slabbing, tumbling, carving, engraving, polishing, or faceting precious or semiprecious stones and gems; (8) recutting, repolishing, and setting gem stones; and (9) drilling, sawing, and peeling cultured and costume pearls.

42 Wholesale Trade

421 Wholesale Trade Fixtures and Equipment. 15

Fixtures and equipment are used in establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office.

See also separate listings for specific types of equipment.

44 Retail Trade. 15

Includes the fixtures and equipment for the following:

- 441 Motor Vehicle and Parts Dealers
- 442 Furniture and Home Furnishing Stores
- 443 Electronics and Appliance Stores
- 444 Building Material and Garden Equipment and Supply Stores
- 445 Food and Beverage Stores (including Convenience Stores)

**NAICS
Industry
Code**

Description

Life in Years

- 446 Health and Personal Care Stores
- 447 Gasoline Stations
- 448 Clothing and Clothing Accessories Stores
- 451 Sporting Goods, Hobby, Book, and Music Stores
- 452 General Merchandise Stores
- 453 Miscellaneous Store Retailers, including
4531 Florists
- 454 Nonstore Retailers

See also separate listings for specific types of equipment.

48 Transportation and Warehousing

481 Air Transportation 20

Itemized Equipment

- Kit built Aircraft 15
- Gliders 15
- Hot Air Balloons 15
- Experimental Aircraft 15

482 Rail Transportation. 20

482112 Short Line Railroads

Itemized Equipment

- Railroad Rolling Stock 20

483 Water Transportation. 20

Equipment is used in providing inland water transportation of passengers and/or cargo on lakes, rivers, or intracoastal waterways.

484 Truck Transportation. 10

Itemized Equipment

- Light Trucks 7
- General freight Trucks 10
- Tractor-trailers 10

***NAICS
Industry
Code***

Description

Life in Years

485 Transit and Ground Passenger Transportation 10

Equipment used in Transit and Ground Passenger Transportation include a variety of passenger transportation activities, such as urban transit systems; chartered bus, school bus, and interurban bus transportation; and taxis.

Itemized Equipment

Buses	15
Taxis	7
Casino car give-aways	10

493 Warehousing and Storage. 15

Assets are used in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products. Warehouse establishments provide facilities to store goods, but do not sell the goods they handle. These establishments take responsibility for storing the goods and keeping them secure. They may also provide a range of services, often referred to as logistics services, related to the distribution of goods. Logistics services can include labeling, breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing, and transportation arrangement. Specific assets include lifts, pallets, crates, lugs, and bins.

See also separate listings for specific types of equipment.

51 Information

511 Publishing Industries. 15

Machinery and equipment are used in the publishing of newspapers, magazines, other periodicals, and books, as well as directory and mailing list and software publishing.

512 Motion Picture Production & Sound Recording. 7

Machinery and equipment is used in the production and/or distribution of motion pictures, videos, television programs, or commercials; in the exhibition of motion pictures; or in the provision of postproduction and related services. Sound recording machinery and equipment is used in producing and distributing musical recordings, in publishing music, or in providing sound recording and related services.

512131 Motion Picture Theaters. 15

Includes projection equipment, furniture and fixtures

**NAICS
Industry
Code**

Description

Life in Years

515 Broadcasting and Telecommunications. See Categories

51511 Radio Broadcasting. 10

Machinery and equipment is used in broadcasting audio signals. These establishments operate radio broadcasting studios and facilities for the transmission of aural programming by radio to the public, to affiliates, or to subscribers.

Itemized Equipment

Radio Production Equipment	7
Service and Repair Equipment	10
Transmitting Towers	30

51512 Television Broadcasting. 10

This industry comprises establishments primarily engaged in broadcasting images together with sound. These establishments operate television broadcasting studios and facilities for the programming and transmission of programs to the public.

Itemized Equipment

Television Production Equipment	7
Service and Repair Equipment	10
Transmitting Towers	30

517 Telecommunications. See itemized equipment

Wired telecommunications assets are used in (1) operating and maintaining switching and transmission facilities to provide point-to-point communications via landlines, microwave, or a combination of landlines and satellite linkups or (2) furnishing telegraph and other non-vocal communications using their own facilities. Wireless telecommunications assets are used in operating and maintaining switching and transmission facilities that provide omni-directional communications via airwaves, such as cellular telephone or paging services.

Itemized Equipment

Central Office Equipment, except computer-based switching equipment	15
Computer-based switching equipment	7
Distribution Plant	30
Fiber optic cable	15
Paging Systems	5
Microwave Systems, except towers	10
Station Equipment	10
Telephone equipment, including cellular phones, telex, & facsimile	5

**NAICS
Industry
Code**

Description

Life in Years

517510 Cable and Other Program Distribution. See itemized equipment

Machinery and equipment used in distribution systems for broadcast programming. Headend assets are defined as the electronic control center -- generally located at the antenna site of a CATV system -- usually including antennas, preamplifiers, frequency converters, demodulators, modulators and other related equipment which amplify, filter and convert incoming broadcast TV signals to cable system channels. Microwave systems include assets such as antennas, transmitting and receiving equipment, and broad band microwave assets. Program origination equipment includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Service and test assets include oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment. Subscriber connection and distribution systems include assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and converters.

Itemized Equipment

Fiber Optic Cable	15
Headend Equipment, except towers	10
Microwave Systems, except towers	10
Program Origination Equipment	10
Satellite Dish Relay; Earth station equipment	10
Service and Test Equipment	10
Subscriber Connection and Distribution Systems	10
Transmitting Towers	30

**518 Internet Service Providers, Web Search Portals, and Data Processing Services
– See Special Properties**

Assets are used by Internet Service Providers, Web Search Portals, and Data Processing Services to provide: (1) access to the Internet; (2) search facilities for the Internet; and (3) data processing, hosting, and related services.

519 Other Information Services. 15

Assets are used in supplying information, storing information, providing access to information, and searching and retrieving information. The main components of this group are news syndicates, libraries, and archives. It includes law and medical libraries.

***NAICS
Industry
Code***

Description

Life in Years

53 Real Estate, Rental, and Leasing

532 Rental and Leasing Services. 15

Assets include a wide array of tangible goods, such as automobiles, computers, consumer goods, and industrial machinery and equipment, to customers in return for a periodic rental or lease payment.

Itemized Equipment

Formal wear and costume rental	5
Heavy equipment	See Construction (Code 23)
Lawn and Garden equipment	7
Linens and Uniforms	3
Musical Instrument rentals	7
Rent-to-Own Merchandise	7
Ski Equipment Rentals	7
Video Tapes	See Special Properties

See also separate listings for specific types of equipment.

54 Professional, Scientific, and Technical Services

See itemized equipment

Itemized Equipment

Laboratory equipment, except electronic & computerized	15
Laboratory equipment, electronic and computerized	7
Medical and law libraries (See also other information services)	15
Photography	15
Professional and scientific equipment (See also NAICS Code 3345)	7
Professional libraries	15
Surveying equipment	15

5616 Investigation and Security Services. 15

Assets include burglar and fire alarms and locking devices, along with equipment necessary for installation, repair, or monitoring services or (2) remote monitoring of electronic security alarm systems.

Itemized Equipment

Closed Circuit TV – Camera System	7
Locksmith equipment, including:	
Mechanical and electronic locking devices	20
Safes and security vaults	20

**NAICS
Industry
Code**

Description

Life in Years

5617 Services to Buildings and Dwellings. 15

Includes the fixtures and equipment for the following:

- 56171 Exterminating and Pest Control Services
- 56172 Janitorial Services
- 56173 Landscaping Services
- 56174 Carpet and Upholstery Cleaning Services

Itemized Equipment

Carpet Cleaning	15
Lawn mowing Equipment	7

562 Waste Management and Remediation Services. 10

Assets are used in the collection, treatment, and disposal of waste materials. This includes establishments engaged in local hauling of waste materials; operating materials recovery facilities (i.e., those that sort recyclable materials from the trash stream); providing remediation services (i.e., those that provide for the cleanup of contaminated buildings, mine sites, soil, or ground water); and providing septic pumping and other miscellaneous waste management services.

Itemized Equipment

Garbage Dumpsters	10
Portable toilets	10

62 Health Care and Social Assistance

621 Ambulatory Health Care Services. 15

Health practitioners in this subsector provide outpatient services, with the facilities and equipment not usually being the most significant part of the production process.

Includes the fixtures and equipment for the following:

- 6211 Offices of Physicians
- 6212 Offices of Dentists
- 6213 Offices of Other Health Practitioners, including Chiropractors, Optometrists, Mental Health Practitioners, and Physical, Occupational, and Speech Therapists

***NAICS
Industry
Code***

Description

Life in Years

Medical and dental instruments not otherwise noted in Special Properties, include:

Exam tables and chairs	Fluorographic X-ray Units
Microscopes	Mammographic X-ray Units
Sterilizers	Medical Laser Units
Mesoptometers	Portable X-ray Units
Lensometer	Radiographic X-ray Units
Angiographic X-ray units	Special Procedure X-ray Units
Chest X-ray Units	All Portable Units of Same
Dental X-ray Units	

622 Hospitals. 15

Assets are used to provide inpatient health services, particularly specialized facilities and equipment that form a significant and integral part of the production process. See list above for examples of equipment.

See also Special Properties for Medical Diagnostic and Medical Lab.

6244 Child Day Care Facilities. 10

Assets are used in providing day care of infants or children.

71 Arts, Entertainment, and Recreation

711 Performing Arts, Spectator Sports, and Related. 10

Includes projection equipment, furniture and fixtures.

Itemized Equipment

Sound Systems	7
711212 Car racing – race cars	3

713 Amusement, Gambling and Recreation Industries. 15

Assets are used to (1) operate facilities where patrons can primarily engage in sports, recreation, amusement, or gambling activities and/or (2) provide other amusement and recreation services, such as supplying and servicing amusement devices in places of business operated by others; operating sports teams, clubs, or leagues engaged in playing games for recreational purposes; and guiding tours without using transportation equipment.

**NAICS
Industry
Code**

Description

Life in Years

Itemized Equipment

Amusement Park	15
Bowling Alley Pinsetters and Other Equipment	15
Bowling Electronic Scoring Machines	7
Gaming Equipment: electronic, slots, or computers	7
Gaming Equipment: Mechanical slots	15
Gaming Equipment: Other	15
Golf Carts, electric	7
Golf Course Machinery & Equipment, except lawn mowing equipment	15
Golf Course: Lawn Mowing Equipment	7
Juke Box	15
Ski Area Equipment: Snow Cats and Packers	7
Ski Area Equipment: Tows and Lifts	30
Ski Lift Towers	30
Ski Rentals	7
Video and Flipper Games	7

72 Accommodation and Food Services

721 Accommodation..... 15

Assets are used in: (1) traveler accommodation, (2) recreational accommodation, and (3) rooming and boarding houses.

Itemized Equipment

Apartment Furnishings	15
Hotel Furnishings	15
Outdoor Patio Furnishings	7
Fire and Security Equipment	15
Health Spa Equipment: Manual	15
Health Spa Equipment: Electronic	7
Heavy use Washers	7
Linens, glassware, silverware, and uniforms (not rented)	3
Televisions	5
Telephone Systems (See also NAICS Code 517)	5

722 Food Services and Drinking Places..... 15

The industry groups are full-service restaurants; limited-service eating places; special food services, such as food service contractors, caterers, and mobile food services; and drinking places.

**NAICS
Industry
Code**

Description

Life in Years

Itemized Equipment

Bar	15
Coffee Brewing Equipment	15
Walk-in coolers (See Also NAICS 311)	15
Linens, glassware, silverware, and uniforms (not rented)	3
Televisions	5
Vending Machines	15

81 Other Services

Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

811 Repair and Maintenance. 15

Assets are used to restore machinery, equipment, and other products to working order. These establishments also typically provide general or routine maintenance (i.e., servicing) on such products to ensure they work efficiently and to prevent breakdown and unnecessary repairs.

Includes the fixtures and equipment for the following:

- 8111 Automobile Repair and Maintenance
 - 811192 Car Washes
- 8112 Electronic & Precision Equipment
- 8113 Commercial Equipment Repair and Maintenance
- 8114 Personal and Household Goods Repair and Maintenance
 - 81143 Footwear and Leather Goods Repair

Itemized Equipment

Auto Repair Diagnostic Equipment (Electronic)	7
Small Tools (See Hand Tools, NAICS 328)	7
Welding Equipment	15

***NAICS
Industry
Code***

Description

Life in Years

812 Personal and Laundry Services..... 15

Includes the fixtures and equipment for the following:

- 8121 Personal Care Services
 - 81211 Hair, nail and skin care services
 - 81219 Other, including Diet and weight reducing – fitness
- 8122 Death Care Services
 - 81221 Funeral Homes
 - 81222 Cemeteries and Crematories
- 8123 Drycleaning and Laundry Services
 - 81231 Coin-operated Laundries and Drycleaners
 - 81232 Drycleaning and Laundry, except coin-operated
- 8129 Other Personal Services
 - 81291 Pet Care (except Veterinary)
 - 81292 Photo-finishing

Itemized Equipment

Coin Laundries	15
Heavy Use Washers	7
Commercial Dry Cleaning Equipment	15

2004-2005 COST CONVERSION INDEX
 THREE YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	67.0	33.0	0.3300
2002	2	1.00	89.0	11.0	0.1100
2001	3	1.01	95.0	5.0	0.0505
Residual		1.01	95.00	5.00	0.0505

2004-2005 COST CONVERSION INDEX
 FIVE YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	40.0	60.0	0.6000
2002	2	1.00	64.0	36.0	0.3600
2001	3	1.01	78.0	22.0	0.2222
2000	4	1.03	87.0	13.0	0.1339
1999	5	1.05	95.0	5.0	0.0525
Residual		1.05	95.0	5.0	0.0525

2004-2005 COST CONVERSION INDEX
 SEVEN YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	29.0	71.0	0.7100
2002	2	1.00	49.0	51.0	0.5100
2001	3	1.01	64.0	36.0	0.3636
2000	4	1.03	74.0	26.0	0.2678
1999	5	1.05	81.0	19.0	0.1995
1998	6	1.06	88.0	12.0	0.1272
1997	7	1.07	95.0	5.0	0.0535
Residual		1.07	95.0	5.0	0.0535

2004-2005 COST CONVERSION INDEX
 TEN YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	20.0	80.0	0.8000
2002	2	1.00	36.0	64.0	0.6400
2001	3	1.01	49.0	51.0	0.5151
2000	4	1.03	59.0	41.0	0.4223
1999	5	1.05	67.0	33.0	0.3465
1998	6	1.06	74.0	26.0	0.2756
1997	7	1.07	79.0	21.0	0.2247
1996	8	1.09	84.0	16.0	0.1744
1995	9	1.11	90.0	10.0	0.1110
1994	10	1.14	95.0	5.0	0.0570
Residual		1.14	95.0	5.0	0.0570

2004-2005 COST CONVERSION INDEX
 FIFTEEN YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	13.0	87.0	0.8700
2002	2	1.00	25.0	75.0	0.7500
2001	3	1.01	35.0	65.0	0.6565
2000	4	1.03	44.0	56.0	0.5768
1999	5	1.05	51.0	49.0	0.5145
1998	6	1.06	58.0	42.0	0.4452
1997	7	1.07	63.0	37.0	0.3959
1996	8	1.09	68.0	32.0	0.3488
1995	9	1.11	72.0	28.0	0.3108
1994	10	1.14	76.0	24.0	0.2736
1993	11	1.17	80.0	20.0	0.2340
1992	12	1.19	84.0	16.0	0.1904
1991	13	1.22	87.0	13.0	0.1586
1990	14	1.26	91.0	9.0	0.1134
1989	15	1.31	95.0	5.0	0.0655
Residual		1.31	95.0	5.0	0.0655

2004-2005 COST CONVERSION INDEX
 TWENTY YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	10.0	90.0	0.9000
2002	2	1.00	19.0	81.0	0.8100
2001	3	1.01	27.0	73.0	0.7373
2000	4	1.03	34.0	66.0	0.6798
1999	5	1.05	41.0	59.0	0.6195
1998	6	1.06	47.0	53.0	0.5618
1997	7	1.07	52.0	48.0	0.5136
1996	8	1.09	57.0	43.0	0.4687
1995	9	1.11	61.0	39.0	0.4329
1994	10	1.14	65.0	35.0	0.3990
1993	11	1.17	69.0	31.0	0.3627
1992	12	1.19	72.0	28.0	0.3332
1991	13	1.22	75.0	25.0	0.3050
1990	14	1.26	78.0	22.0	0.2772
1989	15	1.31	80.0	20.0	0.2620
1988	16	1.37	83.0	17.0	0.2329
1987	17	1.42	86.0	14.0	0.1988
1986	18	1.46	89.0	11.0	0.1606
1985	19	1.48	92.0	8.0	0.1184
1984	20	1.52	95.0	5.0	0.0760
Residual		1.52	95.0	5.0	0.0760

2004-2005 COST CONVERSION INDEX
 THIRTY YEAR LIFE
 200% Declining Balance

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR	
2004	0	1.00	0.0	100.0	1.0000	
2003	1	1.00	7.0	93.0	0.9300	
2002	2	1.00	13.0	87.0	0.8700	
2001	3	1.01	19.0	81.0	0.8181	
2000	4	1.03	24.0	76.0	0.7828	
1999	5	1.05	29.0	71.0	0.7455	
1998	6	1.06	34.0	66.0	0.6996	
1997	7	1.07	38.0	62.0	0.6634	
1996	8	1.09	42.0	58.0	0.6322	
1995	9	1.11	46.0	54.0	0.5994	
1994	10	1.14	50.0	50.0	0.5700	
1993	11	1.17	53.0	47.0	0.5499	
1992	12	1.19	56.0	44.0	0.5236	
1991	13	1.22	59.0	41.0	0.5002	
1990	14	1.26	62.0	38.0	0.4788	
1989	15	1.31	64.0	36.0	0.4716	
1988	16	1.37	67.0	33.0	0.4521	
1987	17	1.42	69.0	31.0	0.4402	
1986	18	1.46	71.0	29.0	0.4234	
1985	19	1.48	73.0	27.0	0.3996	
1984	20	1.52	75.0	25.0	0.3800	
1983	21	1.57	77.0	23.0	0.3611	
1982	22	1.60	79.0	21.0	0.3360	
1981	23	1.66	81.0	19.0	0.3154	
1980	24	1.79	83.0	17.0	0.3043	
1979	25	1.96	85.0	15.0	0.2940	
1978	26	2.12	87.0	13.0	0.2756	
1977	27	2.26	89.0	11.0	0.2486	
1976	28	2.38	91.0	9.0	0.2142	
1975	29	2.51	93.0	7.0	0.1757	
1974	30	2.76	95.0	5.0	0.1380	
Residual		2.76	-	95.00	5.00	0.1380

2004-2005 COST CONVERSION INDEX
 MOBILE OR MANUFACTURED HOMES SOLD ON OR AFTER JULY 1, 1982
 Sixteen Year Straight-line

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	5.0	95.0	0.9500
2002	2	1.03	10.0	90.0	0.9270
2001	3	1.07	15.0	85.0	0.9095
2000	4	1.08	20.0	80.0	0.8640
1999	5	1.09	25.0	75.0	0.8175
1998	6	1.09	30.0	70.0	0.7630
1997	7	1.10	35.0	65.0	0.7150
1996	8	1.11	40.0	60.0	0.6660
1995	9	1.12	45.0	55.0	0.6160
1994	10	1.15	50.0	50.0	0.5750
1993	11	1.21	55.0	45.0	0.5445
1992	12	1.23	60.0	40.0	0.4920
1991	13	1.24	65.0	35.0	0.4340
1990	14	1.29	70.0	30.0	0.3870
1989	15	1.34	75.0	25.0	0.3350
1988	16	1.35	80.0	20.0	0.2700
1987	17	1.40	80.0	20.0	0.2800
1986	18	1.45	80.0	20.0	0.2900
1985	19	1.50	80.0	20.0	0.3000
1984	20	1.56	80.0	20.0	0.3120
1983	21	1.52	80.0	20.0	0.3040
1982	22	1.48	80.0	20.0	0.2960

2004-2005 COST CONVERSION INDEX
 MOBILE HOMES SOLD PRIOR TO JULY 1, 1982

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
1982		1.00	80.0	20.0	0.2000
Residual		1.00	80.0	20.0	0.2000

2004-2005 COST CONVERSION INDEX
 BILLBOARDS
 Fifty Year Straight Line

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
2004	0	1.00	0.0	100.0	1.0000
2003	1	1.00	1.5	98.5	0.9850
2002	2	1.00	3.0	97.0	0.9700
2001	3	1.02	4.5	95.5	0.9741
2000	4	1.04	6.0	94.0	0.9776
1999	5	1.07	7.5	92.5	0.9898
1998	6	1.08	9.0	91.0	0.9828
1997	7	1.10	10.5	89.5	0.9845
1996	8	1.12	12.0	88.0	0.9856
1995	9	1.14	13.5	86.5	0.9861
1994	10	1.17	15.0	85.0	0.9945
1993	11	1.20	16.5	83.5	1.0020
1992	12	1.24	18.0	82.0	1.0168
1991	13	1.26	19.5	80.5	1.0143
1990	14	1.29	21.0	79.0	1.0191
1989	15	1.33	22.5	77.5	1.0308
1988	16	1.38	24.0	76.0	1.0488
1987	17	1.43	25.5	74.5	1.0654
1986	18	1.45	27.0	73.0	1.0585
1985	19	1.47	28.5	71.5	1.0511
1984	20	1.51	30.0	70.0	1.0570
1983	21	1.56	31.5	68.5	1.0686
1982	22	1.60	33.0	67.0	1.0720
1981	23	1.68	34.5	65.5	1.1004
1980	24	1.82	36.0	64.0	1.1648
1979	25	2.02	37.5	62.5	1.2625
1978	26	2.23	39.0	61.0	1.3603
1977	27	2.43	40.5	59.5	1.4459
1976	28	2.58	42.0	58.0	1.4964
1975	29	2.73	43.5	56.5	1.5425
1974	30	3.07	45.0	55.0	1.6885
1973	31	3.42	46.5	53.5	1.8297
1972	32	3.64	48.0	52.0	1.8928
1971	33	3.84	49.5	50.5	1.9392
1970	34	4.06	51.0	49.0	1.9894
1969	35	4.28	52.5	47.5	2.0330
1968	36	4.51	54.0	46.0	2.0746
1967	37	4.70	55.5	44.5	2.0915
1966	38	4.90	57.0	43.0	2.1070
1965	39	5.08	58.5	41.5	2.1082
1964	40	5.22	60.0	40.0	2.0880
1963	41	5.34	61.5	38.5	2.0559
1962	42	5.46	63.0	37.0	2.0202
1961	43	5.55	64.5	35.5	1.9703
1960	44	5.64	66.0	34.0	1.9176
1959	45	5.79	67.5	32.5	1.8818

2004-2005 COST CONVERSION INDEX
 BILLBOARDS
 Fifty Year Straight Line

YEAR	AGE	COST INDEX	PERCENT DEPRECIATION	PERCENT GOOD	CONVERSION FACTOR
1958	46	5.95	69.0	31.0	1.8445
1957	47	6.16	70.5	29.5	1.8172
1956	48	6.41	72.0	28.0	1.7948
1955	49	6.74	73.5	26.5	1.7861
1954	50	7.04	75.0	25.0	1.7600
Residual		7.04	75.0	25.0	1.7600

Appendix A

Nevada Revised Statutes and Nevada Administrative Code Related to Personal Property

(This listing may not be comprehensive. Please consult the statutes and regulations.)

Nevada Revised Statutes

NRS 361.013 “Billboard” defined. “Billboard” means a sign that directs attention to a business, commodity, service, entertainment or attraction that is sold, offered or exists at a location other than the premises on which the sign is located.

(Added to NRS by 1989, 1817)

NRS 361.028 “Manufactured home” defined. “Manufactured home” has the meaning ascribed to it in [NRS 489.113](#).

(Added to NRS by 2001, [1540](#))

NRS 361.029 “Mobile home” defined. “Mobile home” means a vehicular structure, built on a chassis or frame, which is designed to be used with or without a permanent foundation and is capable of being drawn by a motor vehicle. It may be used as a dwelling when connected to utilities or may be used permanently or temporarily for the advertising, sales, display or promotion of merchandise or services. The term does not include a recreational park trailer as defined in [NRS 482.1005](#).

(Added to NRS by 1989, 169; A 2001, [1727](#))

NRS 361.030 “Personal property” defined.

1. “Personal property” means:

(a) All household and kitchen furniture.

(b) All law, medical and miscellaneous libraries.

(c) All goods, wares and merchandise.

(d) All chattels of every kind and description, except vehicles as defined in [NRS 371.020](#).

(e) Stocks of goods on hand.

(f) Any vehicle not included in the definition of vehicle in [NRS 371.020](#).

(g) All locomotives, cars, rolling stock and other personal property used in operating any railroad within the state.

(h) All machines and machinery, all works and improvements, all steamers, vessels and watercraft of every kind and name navigating or used upon the waters of any river or lake within this state or having a general depot or terminus within this state.

(i) The money, property and effects of every kind, except real estate, of all banks, banking institutions or firms, bankers, moneylenders and brokers.

(j) All property of whatever kind or nature, except vehicles as defined in [NRS 371.020](#), not included in the term “real estate” as that term is defined in [NRS 361.035](#).

2. Gold-bearing and silver-bearing ores, quartz or minerals from which gold or silver is extracted, when in the hands of the producers thereof, shall not mean, not be taken to mean, nor

be listed and assessed under the term “personal property” as used in this section, but are specially excepted therefrom, and shall be listed, assessed and taxed as provided by law.

[Part 3:344:1953]—(NRS A 1963, 305, 1121; 1983, 1191)

NRS 361.045 Taxable property. Except as otherwise provided by law, all property of every kind and nature whatever within this state shall be subject to taxation.

[Part 1:344:1953; A 1954, 29; 1955, 340]

NRS 361.227 Determination of taxable value.

4. The taxable value of other taxable personal property, except mobile homes, must be determined by subtracting from the cost of replacement of the property all applicable depreciation and obsolescence. Depreciation of a billboard must be calculated at 1.5 percent of the cost of replacement for each year after the year of acquisition of the billboard, up to a maximum of 50 years.

6. The Nevada tax commission shall, by regulation, establish:

(a) Standards for determining the cost of replacement of improvements of various kinds.

(b) Standards for determining the cost of replacement of personal property of various kinds.

The standards must include a separate index of factors for application to the acquisition cost of a billboard to determine its replacement cost.

(c) Schedules of depreciation for personal property based on its estimated life.

NRS 361.265 Written statement concerning personal property: Demand; contents; return of statement; valuation of unlisted property claimed by absent or unknown person; penalties.

1. To enable the county assessor to make assessments, he shall demand from each natural person or firm, and from the president, cashier, treasurer or managing agent of each corporation, association or company, including all banking institutions, associations or firms within his county, a written statement, signed under penalty of perjury, on forms to be furnished by the county assessor of all the personal property within the county, owned, claimed, possessed, controlled or managed by those persons, firms, corporations, associations or companies.

2. The statement must include:

(a) A description of the location of any taxable personal property that is owned, claimed, possessed, controlled or managed by the natural person, firm, corporation, association or company, but stored, maintained or otherwise placed at a location other than the principal residence of the natural person or principal place of business of the firm, corporation, association or company; and

(b) The cost of acquisition of each item of taxable personal property including the cost of any improvements of the personal property, such as additions to or renovations of the property other than routine maintenance or repairs.

3. The statement must be returned not later than July 31, except for a statement mailed to the taxpayer after July 15, in which case it must be returned within 15 days after demand for its return is made. Upon petition of the property owner showing good cause, the county assessor may grant one or more 30-day extensions.

4. If the owners of any taxable property not listed by another person are absent or unknown, or fail to provide the written statement as described in subsection 1, the county assessor shall make an estimate of the value of the property and assess it accordingly. If the name of the absent owner is known to the county assessor, the property must be assessed in his name. If the name of the owner is unknown to the county assessor, the property must be assessed to “unknown owner”; but no mistake made in the name of the owner or the supposed owner of personal property renders the assessment or any sale of the property for taxes invalid.

5. If any person, officer or agent neglects or refuses on demand of the county assessor or his deputy to give the statement required by this section, or gives a false name, or refuses to give his name or sign the statement, he is guilty of a misdemeanor.

[Part 5:344:1953]—(NRS A 1967, 558; 1969, 1452; 1981, 327; 1983, 519, 1193; 1985, 748; 1987, 531; 1989, 1820)

NRS 361.325 Nevada tax commission to establish valuations of mobile homes and land; property escaping taxation to be placed on assessment roll.

2. The valuation of mobile homes and land so fixed and established is for the next succeeding year and is subject to equalization by the state board of equalization.

3. In establishing the value of new mobile homes sold on or after July 1, 1982, the Nevada tax commission shall classify them according to those factors which most closely determine their useful lives. In establishing the value of other mobile homes, the commission shall begin with the retail selling price and depreciate it by 5 percent per year, but not below 20 percent of its original amount.

Nevada Administrative Code

NAC 361.130 Mobile homes. ([NRS 360.090](#), [360.250](#), [361.227](#), [361.325](#))

1. The taxable value of a mobile home which constitutes real property is the cost of replacement of the mobile home less depreciation and obsolescence.

2. In determining the taxable value of a mobile home which constitutes personal property, each county assessor shall, if the mobile home was sold as new:

(a) Before July 1, 1982, value it at its retail selling price when sold to the original owner less depreciation at 5 percent per year, to a maximum depreciated value of 20 percent of its original retail selling price.

(b) On or after July 1, 1982, value it at replacement cost, when new, less depreciation. Replacement cost when new is the retail selling price to the original owner adjusted by factors reflected in the annual *Personal Property Manual*.

Depreciation must be calculated pursuant to the schedule located in the annual *Personal Property Manual*.

3. The retail selling price of a mobile home includes all charges for transportation, installation and accessories.

[Tax Comm’n, Property Tax Reg. part No. 2, eff. 1-14-82]—(NAC A 10-10-83; 6-29-84; 5-16-86)

NAC 361.1305 Billboards. ([NRS 360.090](#), [360.250](#), [361.227](#))

1. The taxable value of a billboard is the cost of replacement of the billboard less depreciation and obsolescence.
 2. The cost of replacement of a billboard must be computed by multiplying the cost of acquisition to the current owner by the appropriate factor located in the annual *Personal Property Manual*. The factor that corresponds to the year the billboard was acquired must be used.
 3. The depreciation of a billboard must be calculated at:
 - (a) For fiscal year 1990-1991, 5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.
 - (b) For fiscal year 1991-1992, 3.5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.
 - (c) Beginning with fiscal year 1992-1993, 1.5 percent of the cost of replacement for each year after the date of acquisition up to a maximum of 50 years.
- (Added to NAC by Tax Comm'n, eff. 8-2-90)

LCB File No. T008-03

**ADOPTED TEMPORARY REGULATION OF THE
NEVADA TAX COMMISSION**

Filed with the Secretary of State on 1/28/2003

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted. Regulations 361.134 through 361.140 are included in this packet, as part of the 10 year review process conducted by the Nevada Tax Commission. Unless an addition or deletion is specifically included, this means the regulation is recommended as it is currently written.

AUTHORITY: NRS 360.090, 360.250

Determination of Taxable Value of Personal Property

General Provisions

PART N. Parts O through R below and amendments to NAC 361.134 through 361.140 are intended to be applicable to the valuation of property commencing with the 2004-2005 tax year and thereafter.

PART O. Definitions. (NRS 360.090, 360.250, 361.227)

Section 1. Acquisition cost means the actual cost of the property to its present owner, including the costs of transportation and installation. The costs of installation include costs

for direct labor, direct overhead and the capitalized expense of interest or imputed charges for interest which are necessary to make the property operational. The cost of installation does not include any charges for sales tax.

Sec. 2. Original cost means acquisition cost.

Part P. Personal Property Manual required to be published; contents; use by assessors

Section 1. The department shall annually publish a personal property manual describing the methods and standards to be used for the valuation of personal property. The manual must be approved by the commission prior to publication.

Sec. 2. The manual at a minimum must contain annually updated:

(a) Cost index factors to be used in the conversion of acquisition cost into an estimate of replacement cost new;

(b) Expected life schedules indicating the category of expected life for each type of property or type of industry in which the property is used; and

(c) Percent good tables indicating the rate of depreciation to be applied.

Sec. 3. At least one month prior to the manual being presented for Commission approval, the Department must disclose any proposed modifications to the manual and must hold a public workshop on the proposed modifications.

Sec. 4. Each county assessor shall use the personal property manual to determine the taxable value of personal property.

Part Q. Taxable value formula; use by assessors

Section 1. The taxable value of personal property is determined by adjusting the acquisition or original cost by a cost index factor. The adjusted acquisition cost is then reduced by an estimate of applicable depreciation. The taxable value so derived is deemed to be the replacement cost new less depreciation indicator of value.

Sec. 2. The schedules showing the cost index factor, the rate of depreciation and the percent good by year must be arranged according to the expected useful lives identified in Part Q, Sections 3 and 4.

Sec. 3. The assessor must use the schedules by first selecting the appropriate expected useful life of the personal property. The assessor must then select the appropriate cost index factor, based on the year of acquisition, and apply it to each acquisition cost. The result is deemed to be the replacement cost new.

Sec. 4. The assessor may then select the method of applying depreciation by either multiplying the adjusted acquisition cost by the rate of depreciation and subtracting from 100%; or multiplying the adjusted acquisition cost by the percent good factor. The result from either approach is deemed to be the taxable value of the property.

Part R. Determination of expected useful lives; calculation of cost index factors; calculation of depreciation.

Section 1. Personal property may be categorized by the industry in which it is used or by the specific type of property. The industry or property type category in turn must be assigned to a schedule of expected life. Industry or property type categories must be based on commonly available sources of information such as, but not limited to, the Marshall and Swift Valuation Service Life Expectancy Guidelines and other sources to be published in the personal property manual.

Sec. 2. The cost index factors published in the personal property manual shall be determined by calculating the average change in costs over time. The department shall identify the sources used to calculate the average change.

*Sec. 3. For purposes of calculating the amount of applicable depreciation, personal **property** shall be assigned to one of the following expected lives:*

- (a) Three year life;*
- (b) Five year life;*
- (c) Seven year life;*

- (d) Ten year life;*
- (d) Fifteen year life;*
- (e) Twenty year life; or*
- (f) Thirty year life.*

Sec. 4. Depreciation shall be calculated using a declining balance methodology over the expected life of the personal property. Tables providing a method for calculating depreciation other than the declining balance method must be specifically approved by the Commission when it considers approval of the Personal Property Manual.

(a) For purposes of calculating the rate of depreciation, a residual amount of five percent shall be used. Percent good tables using a residual amount other than five percent may be adopted by the Commission provided the department has conducted a market study or has otherwise obtained information indicating a different residual amount is appropriate for the industry or property type.

NAC 361.138 is hereby amended to read as follows:

NAC 361.138 (NRS 360.090, 360.250, 361.045) Valuation of leased equipment. For leased equipment, [taxable value is the value to the user less any discount which is customarily allowed by a seller.] *the reported acquisition cost* [The “value to the user”] is the cost which the user of the property would incur if the equipment were purchased, *less any discount customarily allowed by a seller.*

NAC 361.139 is hereby amended to read as follows:

NAC 361.139(NRS 360.090, 360.250, 361.227) Personal property acquired with real property for lump sum; other personal property.

Section 1. In determining the taxable value of personal property which was acquired with real property for a lump sum, the assessor may refer to appropriate guides which list the cost of equipment to determine the value of the personal property in relation to the value of the real property. In addition, the assessor may estimate the age of the equipment by inspecting it or discussing the approximate value of the equipment with manufacturers, dealers or other persons

in the business who have knowledge of the value of the equipment. The serial number, if it exists, may enable a manufacturer to determine the date of manufacture and the original cost.

Sec. 2. [If an assessor must appraise personal property which is not covered in NAC 361.134 to 361.140, inclusive, he] *In the event sufficient data is not otherwise available to establish original or acquisition cost, the assessor may use any nationally recognized valuation technique, including, but not limited to:*

(a) [Ask the manufacturer whether he is able to establish] *Establishing* the current cost of replacement of the property with new property *by reference to current manufacturing costs*. If the current cost of replacement is known, the assessor shall apply depreciation to that cost to determine the taxable value.

(b) [Use] *Using* a guide which lists the cost or a procedure recognized by businesses which use such equipment to determine the taxable value. Before such a guide or procedure may be used, an assessor must receive approval from the executive director.

(c) *Using information based on current market data.*

Sec. 3. Upon [an assessor's] request, the division of assessment standards of the department [will] *shall* provide [him with] information on various guides which [he] may *be used* to determine original cost.

Appendix B:

Methodology Used to Estimate Cost Indexes

The percent change in each index is measured between the current year and the prior year. The mean of the sum of the changes for each year of the expected life table is calculated and becomes the basis for the cost index to trend acquisition cost to a current replacement cost.

Sources Used to Estimate Cost Indexes

Producer Price Index (PPI)

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. This contrasts with other measures, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective. Sellers' and purchasers' prices may differ due to government subsidies, sales and excise taxes, and distribution costs.

Data Source

- The PPI sample includes approximately 25,000 establishments providing close to 100,000 price quotations per month.
- Participating establishments report price data primarily through the mail.
- Good and services included in the PPI are weighted by value-of-shipments data contained in the 1992 economic census.
- Industries and products are systematically resampled as needed.

The producer price index series reference is WPUSOP3200, not seasonally adjusted. The group used was the stage of processing, the item was capital equipment, and the base date was 8200. The data may be found at <http://data.bis.gov/cgi-bin/surveymost?wp>.

Consumer Price Indexes (CPI)

The consumer price index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) the CPI for Urban Wage Earners and Clerical Workers (CPI-W), which covers households of wage earners and clerical workers that comprise approximately 32 percent of the total population and (2) the CPI for All Urban Consumers (CPI-U) and the Chained CPI for All Urban Consumers (C-CPI-U), which cover approximately 87 percent of the total population and include in addition to wage earners and clerical worker households, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI represents all goods and services purchased for consumption by the reference population (CPI-U or CPI-W). BLS has classified all expenditure items into more than 200

categories, arranged into eight major groups. Major groups and examples of categories in each are as follows:

- FOOD and BEVERAGES (breakfast cereal, milk, coffee, chicken, wine, full service meals and snacks);
- HOUSING (rent of primary residence, owners' equivalent rent, fuel oil, bedroom furniture);
- APPAREL (men's shirts and sweaters, women's dresses, jewelry);
- TRANSPORTATION (new vehicles, airlines fares, gasoline, motor vehicle insurance);
- MEDICAL CARE (prescription drugs and medical supplies, physicians' services, eyeglasses and eye care, hospital services);
- RECREATION (televisions, cable television, pets and pet products, sports equipment, admissions);
- EDUCATION AND COMMUNICATION (college tuition, postage, telephone services, computer software and accessories);
- OTHER GOODS AND SERVICES (tobacco and smoking products, haircuts and other personal services, funeral expenses).

Also included within these major groups are various government-charged user fees, such as water and sewerage charges, auto registration fees, and vehicle tolls. The CPI also includes taxes (such as sales and excise taxes) that are directly associated with the prices of specific goods and services. However, the CPI excludes taxes (such as income and Social Security taxes) not directly associated with the purchase of consumer goods and services.

The CPI does not include investment items, such as stocks, bonds, real estate, and life insurance. (These items relate to savings and not to day-to-day consumption expenses.)

The Consumer Price Index series ID reference is CUUR0400SA0, CUUS0400SA0 for area West Urban, All Items. The base period is 1982-84 = 100. The data may be found at http://data.bls.gov/servlet/SurveyOutputServlet?data_tool-dropmap&series_id=CUUR0400SA0.

Marshall Valuation Service

Marshall Valuation Service publishes a national average equipment cost index based on industry type. The Department measures the change in the index for each category of industry from the prior year.

Market Tests

In addition to the sources already cited, the Department conducts market tests to validate the results of applying the cost indices to particular items of personal property. The original cost of a selected sample of personal property items is trended using the proposed cost index conversion factor. The result of this calculation is compared to the actual average resale of the item obtained from various market research sources. The purpose of the market test is to ensure

the proposed cost indices do not result in a value which exceeds full cash value. The market tests are also used to establish hypothetical market-based depreciation schedules. The sources of information for the market comparisons include the following:

N.A.D.A., The Manufactured Housing Guide of the National Automobile Dealers Association, National Edition (Costa Mesa, CA: January through April, 2003.)

- The Guide provides the average retail book value by manufacturer, model, and region of mobile home, with tables for options. Values are provided for homes one to fourteen years of age, and conversion tables for homes older than 14 years.

Interactive Realtime Online Network (IRON) Solutions, Southwest Region Official Guide, Spring Edition, Region A, Volume 9, Issue 1 (Fenton, MO: March, 2003).

- IRON Solutions provides depreciated value of agricultural equipment. The Guide provides retail advertised price, resale cash value, trade value premium, trade value rough, and average wholesale prices. The Guide averages dealer and auctioneer reported prices with a depreciation formula to keep relativity in the prices of all units in each class.

Clymer, Powersport Vehicle Blue Book, 2003 Spring/Summer Edition, (Premedia Business Magazines, Overland Park, KS: 2002).

- The Blue Book provides pricing in the powersports industry, including snowmobiles, personal watercraft, trailers, and motorcycles.

Aircraft Bluebook Price Digest, Winter 2002/2003 Edition, Vol. 02-4 (Premedia Business Magazines, Overland Park, KS: 2002).

- The Bluebook provides representative average retail prices of fixed wing aircraft and helicopters.

Orion Research Corporation, Orion Blue Book Computer, 2003, Winter Edition (Roger Rohrs Publisher: January, 2003).

- The Orion Blue Book determines used prices of computers and peripherals based on dealer surveys gathered nationwide. Dealers are asked to provide the “asking price,” “Selling price,” and “days to sell.” The used price is then calculated based on what an average store could sell the product for in 30 days or less.

Mike Hall, Ed., Grounds Maintenance Equipment Blue Book, 2002 Edition, (Primedia Business Magazines, Overland Park, KS: 2002).

- The Blue Book provides the estimated average resale or retail price, excluding options of power equipment.

Appendix C:

Methodology Used to Estimate Expected Useful Life

The Department estimates the expected useful life of different types of personal property by surveying a variety of sources. Expected useful life is defined as the amount of time an item of personal property can be expected to last before it wears out, decays, gets used up, becomes obsolete, or loses its value from natural causes. The life is measured from the time the property is first put into service until it is retired from service or permanently withdrawn from use in a trade or business, or when the production of income ceases because the property has been sold, exchanged, converted to personal use, abandoned, or otherwise destroyed.

The Department does not have the resources available to perform its own mortality or actuarial studies. However, there are other sources that do perform this service. The sources itemized below include actuarial studies of the Internal Revenue Service, Marshall and Swift Costing Service, and the California State Board of Equalization. Also included are the surveys of several western states and certain industries.

Sources Used to Estimate Expected Useful Life

Marshall Valuation Service, “Life Expectancy Guidelines,” (Marshall I& Swift, L.P., 2002)

- Depreciable assets are listed by industry group and are extracted from U.S. Treasury Department Internal Revenue Service Publication 534 titled “Depreciation.” The Guidelines list ranges of life. In certain cases, the IRS was not the primary source. In those cases, the range of life is based on a composite of studies of equipment, bookkeeping practices and appraisers’ opinions as compiled from a consensus of recognized trade groups, suppliers and other interested parties. Computers and terminals are one example of an independent study conducted by Marshall & Swift.

Department of the Treasury, Internal Revenue Service, Publication 946, “How to Depreciate Property,” and Publication 534, “Depreciating Property Placed in Service Before 1987.”

- These two publications specifically identify types of property and the expected useful life. For instance, an example of five-year property is computers and peripheral equipment.

California State Board of Equalization, Assessors Handbook, Section 581 (January, 2003), <http://www.boe.ca.gov/proptaxes/pdf/ah5811-03.pdf>

Arizona Department of Revenue, Personal Property Manual, Chapters 5 and 10 (January 1, 2003), www.revenue.state.az.us

State of Montana, Department of Revenue, Farm Machinery Manual (2003).

Oregon Department of Revenue, Personal Property Valuation Guidelines (2003), <http://www.dor.state.or.us/Property/Valprfact.pdf>

Utah State Tax Commission, Personal Property Valuation Schedule (2002), <http://tax.utah.gov/property/personal/classification/2002/class01.html>

Washington Department of Revenue, 2003 Personal Property Valuation Guidelines, http://dor.wa.gov/Docs/Pubs/Prop_Tax/PersVal_03.pdf

Wyoming Department of Revenue, Listing of Personal Property Category, Economic Life, Abstract Line(1/24/2003)
<http://revenue.state.wy.us/doclistout.asp?divname=Search%20Results>

Arges, George S., “Estimated Useful Lives of Depreciable Hospital Assets,” (Health Data and Coding Standards Group: 1998).

Interviews with representatives of:

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Magic Carpet Ski Lifts, manufacturer of conveyor ski lifts
Riblet Tramway Company, manufacturer of aerial tramways
Aerotar International, Inc., manufacturer of hot air balloons
Amphenol Fiber Optic Products
Blaw-Knox Diamond Radio Towers