

State Tax Commission March 4, 2010 Tip
Topic: New Automotive Multiplier Tables & Reporting Qualifying Assets



Dear STaCy,

I have a few questions about the new automotive multiplier tables. Why did the State Tax Commission choose to do these new tables and not change any of the other tables? How were these tables developed? How are the assets to be reported by qualifying automotive manufacturers?

Sincerely,
Sherry Cruz

Dear Ms. Cruz:

Thank you for the questions. Although it seems like yesterday, it was about a year ago that Ford Motor Company and Gary Evanko approached the office of the Commission to ask if we would consider performing a study of automotive manufacturing equipment, focusing on the computer controlled equipment and robotics. The Commission named a work group to research the matter which included representatives from Ford, Kelli Sobel the Executive Director for the Commission, Lisa Hobart the Assessor from West Bloomfield Township (an expert in the area of personal property multipliers) and Gary Evanko (former Equalization Director for Wayne County).

After months of review and presentations from independent consultants and independent research, Kelli, Lisa and Gary were able to recommend to the Commission the tables that are now part of form 4798. The tables adopted by the Commission result in significant decreases for some equipment owned by automotive manufacturers due to a decline in the value of this machinery and equipment over the past few years. The tables which were adopted by the Commission do result in a higher true cash value than the tables suggested by the automotive manufacturers.

An important note to reiterate is how this machinery and equipment may be reported. The instructions for both form 4798 and the personal property statement L-4175 clearly state that property owners must report machinery and equipment as follows: "Full acquisition cost new, in the year of its acquisition new, of all machinery and equipment." The personal property statement further states, "All costs reported must include freight, sales tax and installation costs. Capitalized expenditures made to a piece of machinery or equipment after the initial acquisition year must be reported in the year the expenditure is booked as a fixed asset. These costs must be reported the same as they are shown on your financial accounting fixed asset records, assuming that you account using generally accepted accounting principles." A qualifying automotive manufacturer must report their qualifying assets on form 4798 according to these instructions and may not depreciate assets prior to reporting them. Assessors are responsible for appropriately depreciating assets by using the tables approved by the Commission.

If you have any questions related to the proper use of form 4798 or the automotive tables, please feel free to contact the office of the Commission at (517) 335-3429. Much thanks to Gary and Lisa from STaCy and the Commission for their hard work and the many, many volunteer hours they contributed to this project.

Sincerely,
STaCy