

GENESEE COUNTY
EQUALIZATION DEPT.

JAN 21 1 20 PM '93

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

TREASURY BUILDING, P.O. BOX 15128, LANSING, MICHIGAN 48901
DOUGLAS B. ROBERTS, State TreasurerBulletin No. 9
December 30, 1992
Computer Equipment
& Assessable Software

STATE TAX COMMISSION

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Lansing, Michigan 48922 - Telephone (517) 373-0500

COMMISSION MEMBERS

Lesley F. Holt

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TO: Assessors and Equalization Directors

FROM: State Tax Commission

RE: Valuation of Computer Equipment and Assessable Software

In response to inquiries from assessing officials and taxpayers, the State Tax Commission (STC) directed the Property Tax Division (PTD), in cooperation with the Michigan Association of Equalization Directors, to conduct a study of the valuation of computer equipment and assessable software.

The STC has reviewed and approved that study. All assessors and equalization directors shall use the following schedule of original cost multipliers for the valuation of computer equipment and assessable software starting with the 1993 assessments. Tax day for 1993 assessments is December 31, 1992.

COMPUTER EQUIPMENT AND ASSESSABLE SOFTWARE

<u>Age</u>	<u>Multiplier</u>
1	80%
2	60%
3	50%
4	40%
5	30%
6	20%
7 and older	10%

The State Tax Commission believes that assessors should apply one schedule of original cost multipliers to all of the acquisition costs of a company rather than to break a company's assets down into several categories of varying lives. An exception to this guideline is the practice of allowing computer equipment and assessable software to be separately reported for the application of the multipliers named above.

Computer equipment includes both data processing systems and computer peripheral equipment. Data processing systems include large central processing mainframes, mid-size central processing units and mini and micro central processing units such as personal computers. Computer peripheral equipment includes monitors and display stations, printers, control units, disk storage devices, and tape storage devices. For more information about assessable software, please refer to State Tax Commission Bulletin No. 14 of 1990.

Sometimes certain machinery and equipment, which is not obviously computer equipment, has computer equipment components. If an owner can provably identify such computer costs, the above schedule could be applied to those costs, also. The burden of such a breakout shall be on the owner and not the assessor.

The above-named schedule may be used in conjunction with either the idle equipment allowance or the economic residual multipliers when the personal property qualifies. This has the practical effect of further reducing the schedule for computer equipment. Please refer to Chapter 15 of Volume III of the Assessor's Manual for more information about the idle equipment allowance and the economic residual multipliers.

This bulletin does not eliminate the short-lived schedule which will still be used for businesses whose assets as a whole (excluding computer equipment and assessable software) qualify for the short-lived schedule.