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DEPARTMENT OF TREASURY
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**BULLETIN NO. 13
CHANGES IN THE 2007
PERSONAL PROPERTY STMT.
NOVEMBER 29, 2006**

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

RE: **CHANGES IN THE 2007 PERSONAL PROPERTY STATEMENT**

There are several changes that have been made in the 2007 Personal Property Statement. The purpose of this bulletin is to provide information on those changes:

- A) **New Table for Cellular Equipment.**
- B) **Classification of Copiers/Multi-Function Devices.**
- C) **Sales Tax, Freight and Installation Clarification.**
- D) **Other Minor Instructional Changes.**

A. New Table for Cellular Equipment.

The State Tax Commission has adopted a new table for cellular (wireless) site equipment. The new table does not include items that are appropriately valued in Table A, such as furniture and fixtures located at the cell site, or items that are appropriately valued in Table F, such as computer equipment, including personal computers, printers, etc. Cellular Site Equipment is not considered to be Computer Equipment. There are other items that may be considered assessable fixed assets for cellular equipment owners that should be valued using Tables A, B or D, including: Generators - Table B, Propane Tanks under 2000 gallons- Table B, and Batteries - Table D.

Freestanding communications towers, including the tower itself and other site improvements such as fences, lights, basic utility connections, and buildings (including normal building mechanical equipment) are considered to be real property. See STC Bulletins 3 of 2000, 8 of 2002 and 1 of 2003 for the correct treatment of these properties.

The costs of antennas, frames, signal transmission and reception equipment, cabling and conduits, filter and amplification electronics, voice activated radios, multiplexers, repeaters, power supply and distribution equipment, power bays, analog cellular equipment, switching equipment, and cable and wiring connections, are to be valued utilizing the New Table for Cellular Equipment, provided below:

Age 1	84
Age 2	55
Age 3	44
Age 4	38
Age 5	33
Age 6	29
Age 7	26
Prior	17

The costs of any structural framework used to attach cellular equipment to buildings or to other structures not owned by the cellular service provider are reported at Section B of form L-4175. These facilities could include small towers erected on buildings or on other structures. The reported cost of such structural equipment must include necessary expenditures for site preparation, design engineering, construction supervision and administrative overhead. See STC Bulletin 1 of 1999 for guidance regarding self-constructed assets.

This table is for use in the 2007 assessment year only. The Commission will review cellular equipment again during 2007 and revise the table as needed. The Commission has received, and is continuing to study, information showing that electronic equipment used for cellular communications has undergone significant technological changes resulting in extraordinary obsolescence. Therefore Assessors should consider evidence that the true cash value of electronic equipment used for cellular communications is different than that determined using the new Cellular Equipment Table. Such information includes, but is not necessarily limited to: independent studies, technology forecasts, minutes of use and revenues, replacement cost, capacity measures and other advantages and disadvantages of equipment with differing technologies. Assessors also should exercise their judgment and depart from the New Cellular Equipment Table in order to value electronic equipment used for cellular communications at what the Assessor believes is the property's true cash value.

B. Classification of Copiers/Multifunction Devices:

The Commission has reviewed in detail the issue of classification of copiers and multifunction devices. They have adopted the following methodology:

- If the machine copies only then use Table D
- If the machine faxes only then use Table D
- If the machine scans only then use Table F

- If the machine prints only then use Table F
- If it is multi-function but does not print then use Table D
- If it is multi-function including printing then use Table F
- Machines that hook up to a network are peripherals and should be in Table F
- Machines that do not hook up to a network are office equipment and belong in Table D

A copier is a freestanding or desk-top piece of office equipment, which is most commonly used in an office setting and which is designed to print, or to make copies of, text material produced in that office. Copiers generally use commercially available 8 ½” by 11” bond or copier paper and produce duplicate originals of a text documents in such a way that the use of carbon paper or other duplicating processes can be avoided. Printing presses are not copiers and must be reported in Section B of this form even if the operation of the printing press is regulated or controlled by a computer or is automated. A printing press is a device designed to primarily produce commercial runs of printed material, such as books, pamphlets, magazines, newspapers, or advertising circulars, for commercial sale, regardless of the technology employed in such production and regardless of the type of paper that is used. The definition of printing press specifically includes any machine that employs an offset or other non-impact printing process if the machine otherwise meets the definition of printing press.

C. Sales Tax, Freight and Installation Clarification

The Commission has added the following language to the instructions on page 2 – General Instructions:

All costs reported must include freight, sales tax and installation costs even in cases where the cost was actually incurred by another. Imputed sales tax, freight and installation costs must be reported by equipment leasing companies in cases where the lessee has paid or will pay such costs, or will provide the equivalent benefit in kind. Sales tax cost must be imputed and reported by equipment leasing companies in cases where the lessee is paying sales or use tax on installment lease payments. The costs reported must include all costs that would be capitalized by an end-user/owner of the property under generally accepted accounting principles, including capitalized interest, overheads and “indirect costs” associated with the process of constructing, acquiring or making the property available for use.

D. Other Instructional Changes.

- The Commission added the following to clarify idle/obsolete and surplus equipment:

Property that is a part of a process that has been temporarily suspended from operation or which is being offered for sale with the expectation that the process will be continued at the same location, does not qualify for idle or obsolete and surplus reporting treatment. Only property which would otherwise be reported in Sections A through F on Page 2 of Form L-4175 qualifies to be reported as idle or obsolete and surplus equipment.

- The Commission added the following clarification to Section F related to cable television converters:

Assets to be reported in the section include..... cable television converters and receivers for home satellite dish television systems.

- The Commission added the following clarification to the general instructions:

Special mobile equipment, as defined by MCL 257.62,

RESCINDED