

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

DOUGLAS B. ROBERTS, State Treasurer

STATE TAX COMMISSION

P.O. Box 30471

Lansing, Michigan 48909-7971

Telephone (517) 373-0500 - FAX (517) 373-3553

COMMISSION MEMBERS

Mark A. Hilpert, Chairperson
Lesley F. Holt
Leroy J. Nelson

Roland C. Andersen, Secretary

TO: Assessors
Equalization Directors

FROM: State Tax Commission

**RE: VALUATION OF GAS TRANSMISSION PIPELINES AND RELATED
MACHINERY AND EQUIPMENT**

During its August 13, 1996 meeting, the State Tax Commission approved the use of Column 2a as it appears in the attached table of original cost multipliers for the valuation of only GAS transmission pipelines and related machinery and equipment.

Column 2a replaces column 2 for the valuation of gas transmission pipelines and related machinery and equipment, and is applicable to GAS pipeline assets formerly valued using Column 2. All assessors and equalization directors shall begin using Column 2a starting with 1997 assessments. Tax day for 1997 assessments is December 31, 1996.

Column 2a **DOES NOT APPLY** to pipelines and related machinery and equipment used for the transmission of **CRUDE OIL** and/or **FLUIDS**. Some pipeline companies that transport those products are Amoco, Buckeye, Lakehead, Shell, Sun, Total and Wolverine. Assessors and equalization directors shall continue to use Column 2 for the valuation of crude oil/fluids pipelines and related machinery and equipment.

During recent months the State Tax Commission has examined the personal property original cost multipliers applicable to gas transmission pipelines and related equipment. The examination included an extensive review of valuation studies and comments received from experts from both government and the pipeline industry. As a result, the Commission has concluded that Column #2 of the personal property multiplier table does not reasonably reflect the true cash value of gas transmission pipelines and related machinery and equipment.

It is suggested that assessors and equalization directors review Chapter 12, Volume III of the Assessor's Manual for more information about the valuation of pipelines.

Pipeline rights-of-way and easements as well as underground rock strata shall continue to be valued as described in Chapter 12 of the Assessor's Manual. Idle equipment shall continue to be valued as described in Chapter 15 of the Assessor's Manual.



STATE TAX COMMISSION

ORIGINAL COST MULTIPLIERS FOR VALUING TANGIBLE PERSONAL PROPERTY

Assessors, Equalization Departments, and the STC will use this schedule in the valuation of personal property for property tax purposes. The amounts arrived at after application of the multipliers to original acquisition cost will be the full true cash value of the property.

MULTIPLIERS FOR MACHINERY & EQUIPMENT AND FURNITURE & FIXTURES

TABLE: TITLE: AGE	1	2	2a*	3	4	5	6
	GAS DISTRIBUTION MAINS & EQUIP	ELECTRIC T&D & CRUDE OIL & FLUID PIPELINES	GAS TRANSMISSION PIPELINES	LONG-LIVED	AVERAGE LIVED	SHORT LIVED	COMPUTER EQUIPMENT & ASSESSABLE SOFTWARE
	MULTIPLIER	MULTIPLIER	MULTIPLIER	MULTIPLIER	MULTIPLIER	MULTIPLIER	MULTIPLIER
1	99%	98%	97%	94%	93%	89%	80%
2	97%	94%	91%	83%	79%	69%	60%
3	94%	90%	86%	74%	67%	53%	50%
4	93%	88%	81%	68%	60%	45%	40%
5	92%	86%	76%	63%	54%	38%	30%
6	90%	84%	71%	59%	49%	32%	20%
7	90%	83%	67%	56%	46%	30 min.	10 min.
8	89%	82%	63%	54%	44%		
9	88%	81%	59%	52%	42%		
10	88%	80%	56%	50%	40%		
11	87%	79%	53%	48%	38%		
12	86%	78%	51%	46%	36%		
13	86%	77%	49%	44%	34%		
14	85%	76%	47%	42%	32%		
15 & over	84 min.	75 min.	45 min.	40 min.	30 min.		

* Column 2a was approved by the State Tax Commission on August 13, 1996.

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

DOUGLAS B. ROBERTS, State Treasurer

STATE TAX COMMISSION

P.O. Box 30471

Lansing, Michigan 48909-7971

Telephone (517) 373-0500 - FAX (517) 373-3553

COMMISSION MEMBERS

Mark A. Hilpert, Chairperson
Lesley F. Holt
Leroy J. Nelson

Roland C. Andersen, Secretary

DATE: September 3, 1996

TO: Assessors
Equalization Directors

FROM:  Roland C. Andersen
Executive Secretary

RE: STATE TAX COMMISSION (STC) BULLETIN NO. 11 DATED AUGUST 30, 1996 IN RE: PERSONAL PROPERTY ORIGINAL COST MULTIPLIERS FOR VALUING TANGIBLE PERSONAL PROPERTY

Please find attached a copy of STC Bulletin No. 11 which pertains to the original cost multipliers identified above. The original cost multiplier table that is part of Bulletin 11 has been changed from previous versions in that a new gas transmission schedule labeled Column 2a, has been added for use in valuing Gas Transmission Pipelines and related machinery and equipment only. Previously, Column 2 was used for electric transmission and distribution, crude oil/fluid pipelines, as well as gas transmission pipelines and related machinery and equipment. Now Column 2 is to be used exclusively for electric transmission and distribution and crude oil/fluid pipelines, and not for the valuation of gas transmission pipelines.

The STC has directed that this letter transmitting Bulletin No. 11 to local officials indicate to those units of local government facing pending litigation in the MTT, that the STC concurs in the use of newly promulgated Column 2a in settling pending gas pipeline litigation where the issue in litigation is the competency of the prior schedule establishing the true cash values of gas transmission pipelines and related machinery and equipment.

RCA/ej

Attachment

