



Bill Ritter, Jr.
Governor

Colorado Department of Local Affairs
Susan E. Kirkpatrick
Executive Director

DIVISION OF PROPERTY TAXATION
JoAnn Groff
Property Tax Administrator

BULLETIN NO. 39

TO: County Assessors
FROM: JoAnn Groff
Property Tax Administrator
DATE: November 5, 2008

THE BULLETIN IS AVAILABLE ON OUR WEBSITE
New website address: <http://dola.colorado.gov>

<u>Date</u>	<u>Title</u>	<u>Distribution</u>
10/29/08	Montrose County Position Opening	Review with staff. File in General Correspondence File.
10/31/08	Proposed 2009 Oil and Gas Pipeline Capitalization Rates Proposed 2009 BBB Bond Rate Proposed 2009 Cost Trending Factors And Percent Good Tables	Oil & Gas Appraisers
10/31/08	2009 Proposed Basic Equipment Lists 2009 Proposed Installed Additional Equipment List 2009 Proposed Stored Equipment List	Circulate to Oil & Gas Personal Property Appraisers
10/31/08	Meeting to Review 2009 Proposed Natural Resource Rates and Prices	Natural Resource Appraisers
10/31/08	Proposed 2009 Drilling Rig Valuation Depth Schedule	Oil & Gas Appraisers
11/4/08	2009 Vacant Land Present Worth	Real Property Appraisers



11/5/08	2009 Personal Property Tables and ARL 5 Proposed Changes Review Meeting	Review with interested personnel by no later than 4:00 P.M., Wednesday, November 19, contact the Division and provide comments and/or information on the number of participants from your organization that are planning to participate in the meeting.
11/5/08	HB 08-1395 – Property Leased by Governmental Entities for Governmental Purposes	Review with appropriate staff. File in Abstract/Classification and Exempt files.



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DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: County Assessors

FROM: JoAnn Groff
Property Tax Administrator

SUBJECT: Montrose County
Position Opening

DATE: October 29, 2008

DISTRIBUTION: Review with staff. File in General Correspondence File.

MEMORANDUM

The Montrose County Assessor's Office has a position opening for a Chief Appraiser. See attached announcement for more information.





MONTROSE COUNTY POSITION DESCRIPTION

POSITION TITLE: Chief Appraiser
DEPT/DIV: Assessor's Office
PAY RANGE: \$40,974 -\$56,544
HIRING RANGE: \$40,974 -\$46,633
BENEFITS: \$612/Month Allowance

General Statement of Duties: Performs all aspects of supervision and guidance of the Assessor's office appraisal staff. Performs complex land, commercial, and residential valuations. Prepares and presents all types of property appeals at all levels of formal hearings. Performs complicated and detailed appraisal/assessment work in the valuation of real property as directed by the Assessor.

Supervision Received: Works under general guidance and direction of the Assessor.

Supervision Exercised: Exercises functional supervision of five (5) appraisers in the Montrose County Assessor's Office.

Examples of Duties: *(The following are intended to be illustrative and are not intended to be all inclusive)*

- Supervises and participates in the daily operations of the appraisal staff.
- Provides effective direction and guidance to all appraisal staff. Review that all projects are being completed correctly and in a timely manner.
- Teach, mentor, and review appraisal staff in all aspects of appraisal and assessment.
- Performs valuations on all classes of commercial, vacant, and residential property.
- Assists Assessor in decisions on hiring, promotion, evaluation, discipline, and termination of appraisal staff.
- Responds to public inquiries concerning appraisals, applicable laws, and assessment procedures.
- Meets annually with the contracted auditor and provides documentation to satisfy the audit requirement.
- Conducts extensive statistical analysis on county-wide assessments.

- Prepares and presents information and appraisals for County Board of Equalization, Board of Assessment Appeals, and District Court hearings and serves as an expert witness if necessary.
- Performs field inspections on all classes of properties.
- Performs other duties as assigned.

Required Knowledge, Skills and Abilities:

- Extensive knowledge of existing laws, regulations, and methods of property assessment and mass appraisal.
- Thorough knowledge of building construction techniques, workmanship, materials, cost, and all types of depreciation.
- Knowledge of computer software relating to assessment/appraisal, word processing, and spreadsheets.
- Ability to read and interpret plans and maps, analyze data, perform complex mathematical calculations, prepare reports, and operate office equipment.
- Maintain effective relationships with the public, county officials, and other employees.
- Ability to communicate effectively both verbally and in writing.

Education: Bachelor's Degree in accounting, real estate, finance, economics, construction management, business administration, or other related field is preferred.

Experience: Five (5) years experience in real and commercial property appraisal for assessment purposes is preferred. At least (2) of these years in a supervisory capacity is preferred.

Special Requirements:

- Must possess a valid driver's license.
- Must possess at minimum; a certified residential appraisal license. A certified general appraisal license is preferred.

Physical Requirements of Position: Physical dexterity and mobility required to drive, perform building measurement tasks, and operate general office equipment. Work requires ability to perform duties outdoors and endure all types of inclement weather. Must be able to climb/descend ladders, stairs and sloping terrain; and endure extended periods of standing or sitting.

To Apply: Submit **BOTH** application and cover/resume to the Montrose County Assessor's Office 320 S. 1st St., Rm. 9 **or** P. O. Box 1186, Montrose, CO 81402. For additional information call (970) 249-3753. assessor@co.montrose.co.us

Application deadline is 4:30p.m. Wednesday, November 26, 2008.

ADA/EOE



Bill Ritter, Jr.
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DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: Oil and Gas County Assessors
Oil and Gas Industry Members and Other Interested Parties

FROM: JoAnn Groff
Property Tax Administrator

DATE: October 31, 2008

SUBJECT: Proposed 2009 Oil and Gas Pipeline Capitalization Rates,
Proposed 2009 BBB Bond Rate
Proposed 2009 Cost Trending Factors and Percent Good Tables

MEMORANDUM

Attached for your review are the 2009 proposed changes to the following found in the Assessor's Reference Library (ARL):

The proposed **2009 Oil and Gas Netback BBB Bond Rate** in ARL Volume 3 is **6.73**.

The proposed **2009 Oil and Gas Pipeline Capitalization Rates** in ARL Volume 5 are as follows:

Fluid Transmission Pipelines	Gas Transmission Pipelines	Gas Distribution Pipeline
10.93%	10.78%	9.61%

The proposed **2009 Cost Trending Factors and Percent Good Tables** in ARL Volume 5 are attached for your review. If you wish to provide comments regarding the updates for 2009, please send your response to Nancy Anders by November 12, 2008:

DIVISION OF PROPERTY TAXATION
1313 Sherman Street, Room 419
Denver, CO 80203
(303) 866-3198 Office
(303) 866-4000 Fax
nancy.anders@state.co.us

After assessor and industry input has been considered, the updates will be submitted for Statutory Advisory Committee (SAC) review at its meeting scheduled for December 11, 2008. The new Oil and Gas Pipeline Capitalization Rates, Cost Trending Factors and Percent Good Tables, and the Oil and Gas 2009 Netback BBB Bond Rate will be effective January 1, 2009 for use by all assessors.

JAG/NA/na

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2009 COST TRENDING FACTORS AND PERCENT GOOD TABLES FOR VALUATION OF PIPELINE SYSTEMS

FOR PIPELINE SYSTEMS VALUATION

RCN Trend Factors			Percent Good Tables		
Year of Acquisition	Trend Factor	Handy-Whitman Indices	Effective Age	Gathering	Trunk/Transmission
2008	1.000	489	1	96%	99%
2007	1.193	410	2	92%	97%
2006	1.219	401	3	88%	95%
2005	1.430	342	4	83%	93%
2004	1.603	305	5	78%	91%
2003	1.619	302	6	73%	89%
2002	1.641	298	7	68%	87%
2001	1.646	297	8	63%	84%
2000	1.680	291	9	57%	82%
1999	1.675	292	10	50%	79%
1998	1.710	286	11	45%	76%
1997	1.734	282	12	39%	73%
1996	1.818	269	13	35%	69%
1995	1.831	267	14	29%	66%
1994	1.866	262	15	23%	63%
1993	1.903	257	16	21%	59%
1992	1.866	262	17	15%	56%
1991	1.804	271	18		52%
1990	1.845	265	19		49%
1989	1.874	261	20		45%
1988	1.933	253	21		42%
1987	1.972	248	22		39%
1986	2.021	242	23		35%
1985	1.996	245	24		32%
1984	1.988	246	25		30%
1983	1.888	259	26		26%
1982	2.046	239	27		23%
1981	2.264	216	28		19%
1980	2.495	196	29		15%
1979	2.702	181			
1978 & Prior	2.982	164			

Please note that the Iowa State University studies extend the minimum depreciated value floor from 14 to 17 years for gathering systems and from 22 to 29 years for trunk/transmission pipeline systems. Note also that RCN Trend Factors are displayed in the same order as the Percent Good Tables. A straight-edge applied at the bottom of any particular year's row will reveal the correct trending factor, the effective age for that year, and the appropriate percent good for either a gathering system or a trunk/transmission system.

ADDENDUM 6-J, OIL & GAS 2009 NETBACK BBB BOND RATE, 2009 NERF, AND NERF SPREADSHEET INSTRUCTIONS

The oil and gas threshold rate for Return on Investment (ROI) calculations for the 2009 assessment year is 6.73 percent. The rate is calculated from the monthly average BBB Industrial bond yields from October 2007 through September 2008 as found in Bloomberg Finance L. P. and Standard and Poor's "Credit Week."

Oil and gas operators and take-in-kind royalty owners are allowed their actual 2008 calendar year rate of return up to the published rate. Actual rates of return on investment in excess of this published rate must be restated to the published rate prior to calculating the allowed ROI deduction.

NETBACK EXPENSE REPORT FORM (NERF)

The use of the NERF by county assessors is optional or at the assessor's discretion. If the assessor chooses to request completion and submission of a NERF, the form may be mailed, either with the DS 658 Oil and Gas Real and Personal Property Declaration Schedule or later in the year after the declaration schedules are received, to all oil and gas producers that are using either the unrelated party, comparable expense deduction, or related party netback methods to determine the netback wellhead price reported on the declaration schedule. If completion of the NERF is requested from the producer, the required filing deadline is 45 days after the date of the request, but no earlier than the statutory filing deadline for the declaration schedule which is April 15th. If the NERF is sent along with the declaration schedule, it should be mailed to the oil and gas producers as soon as practicable after January 1 of each year. However, the NERF may be mailed at any time during the current assessment year. A blank Netback Expense Report Form (NERF) and its accompanying Supplemental Information Report Form (SIRF) follow this page. Instructions for completion of the forms are included on the back of the forms.

INSTRUCTIONS TO ACCESS THE NERF SPREADSHEET, ON-LINE

In lieu of using the Netback Expense Report Form (NERF), an electronic NERF Spreadsheet is available to taxpayers as an optional, but not mandatory, information source to supplement the DS 658, Oil & Gas Declaration Schedule. If the assessor's office requests completion of a regular Netback Expense Report Form (NERF) by a taxpayer, the taxpayer may submit a completed electronic NERF Spreadsheet instead. The electronic NERF Spreadsheet may be accessed and downloaded from the Division's website:

<http://www.dola.state.co.us/propertytax/index.htm>

After reaching the Division's home page, you may select "**Forms**" in the blue column at the left of the screen, and then select "**NERF SPREADSHEET.**" The spreadsheet is downloadable by opening it, selecting "Save As," and saving it to a folder in your local computer. The "**NERF Spreadsheet**" is an Excel File. After closing the connection to the Internet, you may open the spreadsheet by going through Excel and opening the file in the folder where it was placed. It will then be ready for your input.

After opening the “**NERF Spreadsheet,**” you will notice that the file consists of four worksheets with tabs at the bottom titled:

Instructions
NERF Spreadsheet
NGL Worksheet
Netback Expenses
Assessment Analysis

The worksheet marked “**Instructions**” explains how the other three worksheets are used. As the taxpayer completes the worksheets labeled “**NERF Spreadsheet,**” “**NGL Worksheet,**” and the “**Netback Expenses,**” pertinent information from these worksheets is automatically transferred to the “**Assessment Analysis**” worksheet, which is used primarily by the assessor’s office. Note that the spreadsheet is adaptable for any assessment year. The taxpayer is required to input the BBB Bond Rate published by the Division for the assessment year chosen for the submission. Please see the NERF Spreadsheet “**Instructions**” for further clarification.



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DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: Oil and Gas Assessors
Oil and Gas Industry Members and Other Interested Parties

FROM: JoAnn Groff
Property Tax Administrator

SUBJECT: 2009 Proposed Basic Equipment Lists
2009 Proposed Installed Additional Equipment List
2009 Proposed Stored Equipment List

DATE: October 31, 2008

DISTRIBUTION: Circulate to Oil & Gas Personal Property Appraisers

MEMORANDUM

The 2009 proposed changes for the following lists, found in ARL Volume 5, Chapter 6 – Personal Property Valuation Manual, have been completed.

2009 Proposed Basic Equipment Lists (BELs)
2009 Proposed Installed Additional Equipment List
2009 Proposed Stored Equipment List

You may review all the proposed changes for 2009 by accessing the Division's website at:
<http://www.dola.colorado.gov/propertytax/index.htm>

The Division has applied a single appreciation factor of 8.5% provided by HADCO International to all the values from 2008. All other values in the Installed Additional Equipment and Stored Equipment Lists were also the result of the factoring process.

At the Division's home page, click on the title "Information For Assessors" in the blue column at the left of the screen. When the INFORMATION FOR ASSESSORS screen appears, select **2009 Proposed Basic Equipment Lists, 2009 Proposed Installed Additional Equipment List, or 2009 Proposed Stored Equipment List**. On the 2009 BASIC EQUIPMENT LISTS screen, select the basin or sub-basin that you want to view by clicking on it. The files will appear in Adobe Acrobat PDF format.



You are invited to attend a meeting to provide your comments regarding the proposed rates and prices. The meeting date and times are as follows:

November 13, 2008
2:30 P.M. – 2009 Proposed Basic Equipment Lists, 2009 Proposed Installed Additional Equipment List, and 2009 Proposed Stored Equipment List
DIVISION OF PROPERTY TAXATION
1313 Sherman Street, Room 419
Denver, Colorado 80203

If you are planning to the meeting, please notify Nancy Anders at (303) 866-3198. If you cannot attend, but wish to provide written comments regarding the changes, please send your response to the Division by November 12, 2008.

JAG/NA/na

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Colorado Department of Local Affairs

Susan E. Kirkpatrick
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DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: CAA Natural Resource Committee
Industry Members and Other Interested Parties

FROM: JoAnn Groff
Property Tax Administrator

DATE: October 31, 2008

SUBJECT: Meeting to Review 2009 Proposed Natural Resource Rates and Prices

MEMORANDUM

Attached for your review are the 2009 proposed changes to the following addenda from the Assessor's Reference Library (ARL) Volume 3, Chapter 6:

Addendum 6-A: 2009 SAND AND GRAVEL ECONOMIC ROYALTY RATES
Addendum 6-B: 2009 COAL AND OTHER RATES AND PRICES
Addendum 6-C: 2009 HOSKOLD FACTORS WORKSHEET

General spot coal prices increased 21%, or \$0.57 per 1000 BTUs as compared to last year. Global demand and depleted stockpiles have contributed to this large increase.

Economic royalty rates for the five sand and gravel districts were carefully reviewed for 2009 and changes have been made to the calculations. Only royalty rates for sand and gravel products have been used for the 2009 published rate. Royalty rates for clay, decorative rock and other stone products have been removed from the calculations. The statewide economic royalty rate for "Borrow" increased to \$0.50 per cubic yard.

The State Discount Rate for 2009 is 12.09%.

You are invited to attend a meeting to provide your comments regarding the proposed rates and prices. The meeting date and times are as follows:

November 13, 2008
1:00 P.M. – Sand and Gravel Royalty Rates
2:00 P.M. – Coal Rates, Prices, and Discount Rate
DIVISION OF PROPERTY TAXATION
1313 Sherman Street, Room 419
Denver, Colorado 80203

If you are planning to attend either meeting, please notify Nancy Anders at (303) 866-3198. If you cannot attend, but wish to provide written comments regarding the changes, please send your response to the Division by November 12, 2008.



After assessor and industry input have been considered, the 2009 proposed addenda will be submitted for Statutory Advisory Committee (SAC) review at its meeting scheduled for December 11, 2008 at 9:00AM. The changes will be effective January 1, 2009 for use by all assessors.

JAG/NA/na

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**ADDENDUM 6-A, 2009 PROPOSED SAND & GRAVEL
ECONOMIC ROYALTY RATES**

District #1 - \$.58 per ton

Counties:

Adams	Denver	Jefferson
Arapahoe	Douglas	Larimer
Boulder	El Paso	Weld
Broomfield	Elbert	
Clear Creek	Gilpin	

District #2 - \$.50 per ton

Counties:

Kit Carson	Phillips	Yuma
Logan	Sedgwick	
Morgan	Washington	

District #3 - \$.54 per ton

Counties:

Baca	Fremont	Otero
Bent	Huerfano	Prowers
Cheyenne	Kiowa	Pueblo
Crowley	Las Animas	
Custer	Lincoln	

District #4 - \$.60 per ton

Counties:

Alamosa	La Plata	Saguache
Archuleta	Mineral	San Juan
Conejos	Montezuma	San Miguel
Costilla	Ouray	
Dolores	Rio Grande	

District #5 - \$.68 per ton

Counties:

Chaffee	Hinsdale	Park
Delta	Jackson	Pitkin
Eagle	Lake	Rio Blanco
Garfield	Mesa	Routt
Grand	Moffat	Summit
Gunnison	Montrose	Teller

Statewide royalty rate for borrow - \$.50 per cu. yard

To convert tons to cubic yards:

tons X .74 = cubic yards

To convert cubic yards to tons:

cubic yards :- .74 = tons

ADDENDUM 6-B, 2009 PROPOSED COAL & OTHER RATES AND PRICES

COAL Royalty Rates: 6% of market price underground
 9% of market price surface (strip)
 Discount Rate: 12.09*

Market Prices BTU's	Steam Coal Price/Ton
Less than 8,770	\$28.50 /ton
8,771 8,920	\$29.00 /ton
8,921 9,080	\$29.50 /ton
9,081 9,230	\$30.00 /ton
9,231 9,390	\$30.50 /ton
9,391 9,540	\$31.00 /ton
9,541 9,690	\$31.50 /ton
9,691 9,850	\$32.00 /ton
9,851 10,000	\$32.50 /ton
10,001 10,160	\$33.00 /ton
10,161 10,310	\$33.50 /ton
10,311 10,460	\$34.00 /ton
10,461 10,620	\$34.50 /ton
10,621 10,770	\$35.00 /ton
10,771 10,930	\$35.50 /ton
10,931 11,080	\$36.00 /ton
11,081 11,230	\$36.50 /ton
11,231 11,390	\$37.00 /ton
11,391 11,540	\$37.50 /ton
11,541 11,690	\$38.00 /ton
11,691 11,850	\$38.50 /ton
11,851 12,000	\$39.00 /ton
12,001 12,160	\$39.50 /ton
12,161 12,310	\$40.00 /ton
12,311 or more	\$40.50 /ton

A deduction of \$3.00 per ton from the above listed prices should be made if the coal operation prepares the raw coal produced to achieve a saleable product. If this deduction is taken, the assessor must use raw production tonnage as reported by the mine owner or operator.

OTHER NATURAL RESOURCE OPERATIONS

Discount Rate – 12.09%*

*This discount rate is listed to provide the appraiser with one of the three components needed to locally develop an applicable Hoskold factor. Please refer to **Development of Hoskold Factors** located in this chapter for specific instructions on development of the Hoskold factor.

ADDENDUM 6-C, 2009 PROPOSED HOSKOLD FACTORS
WORKSHEET

Discount Rate = 12.09%
Sinking Fund Factors @ 4.5%

ECONOMIC LIFE IN YEARS	DISCOUNT RATE		SINKING FUND FACTOR	+	EFFECTIVE TAX RATE	=	CAP RATE	HOSKOLD FACTOR
1	0.1209	+	1.000000	+		=		
2	0.1209	+	0.488998	+		=		
3	0.1209	+	0.318773	+		=		
4	0.1209	+	0.233744	+		=		
5	0.1209	+	0.182792	+		=		
6	0.1209	+	0.148878	+		=		
7	0.1209	+	0.124701	+		=		
8	0.1209	+	0.106610	+		=		
9	0.1209	+	0.092574	+		=		
10	0.1209	+	0.081379	+		=		
11	0.1209	+	0.072248	+		=		
12	0.1209	+	0.064666	+		=		
13	0.1209	+	0.058275	+		=		
14	0.1209	+	0.052820	+		=		
15	0.1209	+	0.048114	+		=		
16	0.1209	+	0.044015	+		=		
17	0.1209	+	0.040418	+		=		
18	0.1209	+	0.037237	+		=		
19	0.1209	+	0.034407	+		=		
20	0.1209	+	0.031876	+		=		
21	0.1209	+	0.029601	+		=		
22	0.1209	+	0.027546	+		=		
23	0.1209	+	0.025682	+		=		
24	0.1209	+	0.023987	+		=		
25	0.1209	+	0.022439	+		=		
26	0.1209	+	0.021021	+		=		
27	0.1209	+	0.019719	+		=		
28	0.1209	+	0.018521	+		=		
29	0.1209	+	0.017415	+		=		
30	0.1209	+	0.016392	+		=		



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DIVISION OF PROPERTY TAXATION

JoAnn Groff

Property Tax Administrator

TO: Oil and Gas Assessors
Oil and Gas Industry Members and Other Interested Parties

FROM: JoAnn Groff
Property Tax Administrator

DATE: October 31, 2008

SUBJECT: Proposed 2009 Drilling Rig Valuation Depth Schedule

MEMORANDUM

Attached for your review is a copy of the 2009 proposed update to the Assessor's Reference Library, Volume 5, Chapter 7:

Addendum 7-A: 2009 Drilling Rig Valuation Depth Schedule

To determine the 2008 Rotary Drill Rig values, data provided by HADCO International, Inc., was used. The average percent-change in values for drill rigs from the Fourth Quarter of 2007 through the Third Quarter of 2008 reflects an increase of 19 percent over that time period. Research on Drill Collars indicated in an increase of 6.6 percent. Drill Pipe costs rose from \$25.00 to \$28.75 per linear foot.

If you wish to provide comments regarding the proposed addendum, please send your response to Nancy Anders by November 12, 2008:

DIVISION OF PROPERTY TAXATION

1313 Sherman Street, Room 419

Denver, CO 80203

(303) 866-3198 Office

(303) 866-4000 Fax

nancy.anders@state.co.us

After assessor and industry input have been considered, the 2008 proposed addendum will be submitted for Statutory Advisory Committee (SAC) review at its meeting scheduled for December 11, 2008. The new Addendum 7-A, Drilling Rig Valuation Depth Schedule will be effective January 1, 2009 for use by all assessors.

JAG/NA/na

Ascom\O&G\2009Drill Rigs\2009DrillRigIndustryMemoLH

1313 Sherman, Room 419, Denver, CO 80203, (303) 866-2371

TDD (303) 866-5300 FAX (303) 866-4000

E-Mail joann.groff@state.co.us



ADDENDUM 7-A, 2009 DRILLING RIG DEPTH SCHEDULE

MARKET VALUATION DEPTH SCHEDULE

To use the market valuation depth schedule, the assessor of the County of Original Assessment (COA) must physically inspect the rig and determine the following:

1. Actual rig depth capacity.
2. Overall physical condition according to condition ratings shown in the condition ratings section.
3. Additional items such as drill pipe and collars.

All operating oil and gas skid-mounted rotary drilling rigs are to be valued for 2009 using the market valuation depth schedule found below. The county clerk or motor vehicle department values self-propelled drilling rigs at the time a Special Mobile Machinery (SMM) license plate is purchased.

MARKET VALUATION DEPTH SCHEDULE		RIG CONDITION		
		POOR/STACKED	FAIR	GOOD
DEPTH RATING	3,999' OR LESS	\$ 84,310	\$ 202,205	\$ 449,357
	4,000' TO 4,999'	\$ 86,469	\$ 207,575	\$ 457,420
	5,000' TO 5,999'	\$ 125,983	\$ 302,424	\$ 799,168
	6,000' TO 6,499'	\$ 168,976	\$ 404,955	\$ 901,318
	6,500' TO 6,999'	\$ 183,895	\$ 441,472	\$ 981,184
	7,000' TO 7,499'	\$ 197,126	\$ 473,584	\$ 1,052,416
	7,500' TO 7,799'	\$ 374,913	\$ 899,883	\$ 1,999,761
	7,800' TO 7,999'	\$ 379,281	\$ 910,371	\$ 2,061,153
	8,000' TO 8,499'	\$ 417,233	\$ 1,001,474	\$ 2,225,519
	8,500' TO 8,999'	\$ 412,408	\$ 1,028,507	\$ 2,285,895
	9,000' TO 9,499'	\$ 453,471	\$ 1,088,438	\$ 2,418,899
	9,500' TO 9,999'	\$ 477,723	\$ 1,147,239	\$ 2,548,158
	10,000' TO 10,499'	\$ 905,571	\$ 2,173,714	\$ 4,830,497
	10,500' TO 10,999'	\$ 949,314	\$ 2,278,683	\$ 5,063,620
	11,000' TO 11,499'	\$ 993,500	\$ 2,384,096	\$ 5,296,869
	11,500' TO 11,999'	\$ 1,037,909	\$ 2,491,426	\$ 5,534,880
	12,000' TO 12,499'	\$ 1,069,138	\$ 2,566,188	\$ 5,702,040
	12,500' TO 12,999'	\$ 1,113,452	\$ 2,325,282	\$ 5,928,814
13,000' TO 13,999'	\$ 1,197,812	\$ 2,840,602	\$ 6,311,828	
14,000' TO 14,999'	\$ 1,679,053	\$ 3,022,872	\$ 6,716,872	
15,000' TO 15,999'	\$ 1,764,442	\$ 3,176,636	\$ 6,830,005	
16,000' TO 17,999'	\$ 1,816,628	\$ 3,269,364	\$ 7,264,633	
18,000' AND ABOVE	\$ 1,893,040	\$ 3,412,844	\$ 7,582,828	

Using the table from the prior page, find the rig's actual "Depth Rating" in feet, and the "Rig Condition," to determine its market value. Rig depth capacity may be greater than original capacity in the case of modified or remanufactured rigs. Additional items such as drill pipe and collars must be added to this value if they are present.

The resulting market value of the rig, drill pipe, and collars is then multiplied by the specified year's adjustment factor to determine the specified year's level of value.

CONDITION RATINGS

Rig condition ratings must be determined by a physical inspection of each rig using the following guidelines. The appraiser must evaluate the rig as a whole and assign the rating that best approximates the rig's condition. Do not use ratings and values other than those provided.

Good

Operating condition is 100%. No known or obvious mechanical defects, but the rig may have some minor worn parts that will need repair or replacement in the near future. May have high hours of use, but no defects are obvious.

Fair

Has very high hours, indicating extended use. Defects are obvious and will require repair or general rebuilding soon. Not 100% functional or efficient, rigs may be operational or functional, but questionable as to how long this will continue.

Poor/Stacked

Has seen very hard and long hours of service. Requires rebuild, repair, or overhaul before it can be used. Not operational or functional.

Stacked rigs are those rigs that have been dismantled, the components have been stacked together over a year, and are in poor condition. Because of stacking, these rigs show additional physical deterioration that will require repairs and/or maintenance to begin operation.

Rigs that have been stacked only a short time, which do not show additional physical depreciation due to "pickling," i.e. they are covered with a preservative grease, or are subject to regular maintenance, should be valued based on their observed condition using the operating rig depth schedule.

ADDITIONAL ITEMS

The values shown in the Market Valuation Depth Schedule for both operating and stacked rigs do not include values for drill pipe and drill collars. The County of Original Assessment (COA) is to add the following values for pipe and collars, to the actual value determined for the drilling rig, prior to apportionment of the total actual value to the Colorado counties in which the rig was located during the prior calendar year:

DRILL PIPE -	\$28.75 per linear foot	
DRILL COLLARS -	7,500' & under	\$27,500
	7,501' to 12,500'	\$36,700
	12,501' & over	\$45,700

LEVEL OF VALUE ADJUSTMENT FACTOR

The actual value of personal property must be adjusted to current level of value for real property as required by § 39-1-104(12.3)(a)(I), C.R.S.

For 2009, the Level of Value (LOV) adjustment factor for drilling rigs is **0.97**.

DRILLING RIG VALUATION EXAMPLE

The subject property is an operating, skid-mounted, rotary drilling rig located, as of January 1, in Carbon County, Colorado. The assessor's physical inspection determined that the rig was originally manufactured to drill up to 8,000 feet in depth. However, after modifications to the drilling rig, it was adjusted to drill up to 10,000 feet in depth. The inspection noted 12,000 feet of drill pipe. The rig is determined to be in Good condition.

10,000'	(adjusted rig depth) in Good Condition	
\$4,830,497	Value of rig from table	
345,000	(drill pipe - 12,000' x \$28.75 per foot)	
+ 36,700	(drill collars - \$36,700 total for a 10,000' rig)	
\$5,212,197	Current level of value of rig and related equipment	
x 0.97	(specified year's level of value adjustment factor)	
\$5,055,831	Specified year's level of value	
x .29	(statutory assessment rate)	
<u>\$1,466,191</u>	ASSESSED VALUE	

The assessed value is then apportioned, as required in § 39-5-113.3(2), C.R.S., to all counties where the rig was in operation during the previous calendar year. Refer to *Special Administrative Issues*.



Bill Ritter, Jr.
Governor

Colorado Department of Local Affairs

Susan E. Kirkpatrick
Executive Director

DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

FROM: Sue Dickinson, Division of Property Taxation
SUBJECT: 2009 Vacant Land Present Worth
DATE: November 4, 2008

MEMORANDUM

The Division of Property Taxation will be hosting a Vacant Land Present Worth discussion group for county representatives, appraisers, developers and real estate analysts to discuss the status of vacant land along with present worth discounting issues.

If you are interested in attending, please note the following information:

DATE: Thursday, November 6, 2008
TIME: 9:00 – 11:00 A.M.
LOCATION: Division of Property Taxation
Centennial Building
1313 Sherman Street, Room 419
Denver, CO 80203

If you and/or your staff plan to participate in the workshop in person, please either e-mail sue.dickinson@state.co.us or call Sue Dickinson at (303/866-3099). We will be including a conference call for those that are unable to attend. For planning purposes, if you wish to participate via the conference call please submit the county information to Sue Dickinson via email sue.dickinson@state.co.us or via fax (303/866-4000).

If you have any questions, please contact Sue Dickinson at 303/866-3099.





Bill Ritter, Jr.
Governor

Colorado Department of Local Affairs

Susan E. Kirkpatrick
Executive Director

DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: ALL COUNTY ASSESSORS, STAFF, INDUSTRY REPRESENTATIVES,
AND OTHER INTERESTED PARTIES

FROM: JoAnn Groff
Property Tax Administrator

SUBJECT: 2009 Personal Property Tables and ARL 5 Proposed Changes Review Meeting

DATE: November 5, 2008

DISTRIBUTION: Review with Interested Personnel
By no later than 4:00 P.M., Wednesday, November 19, contact the Division and provide comments and/or information on the number of participants from your organization that are planning to participate in the meeting

MEMORANDUM

Attached are the proposed 2009 Personal Property Tables. Additional Assessors Reference Library (ARL), Volume 5, Personal Property Manual changes are also being proposed. Changes have been proposed to update all tables, factors, specific economic lives, and examples for 2009. Additional changes have been made to adjust the manual for the legislative changes related to HB08-1225 and HB08-1368.

Proposed changes to the ARL 5, Personal Property Manual include the following:

- HB08-1225: manual changes include:
 - changing the \$2,500 threshold exemption amount to \$4,000
 - changing the manual language noting that assessors are only required to mail or deliver one copy of the personal property schedule to personal property taxpayers
 - changing language to remove the separate "walk-in" protest deadline language and noting that all appeals must be filed by no later than June 30 of each tax year
- HB08-1368: renewable energy manual changes include:
 - adding a new Industry Category Number 14 for renewable energy personal property
 - adding a new column 14 to the Cost Factor Table for the new category
 - adding language denoting a locally assessed renewable energy personal property cost (rate) per kilowatt will be published in early 2009
 - adding a new row 14 to the Level of Value Factor Table for the new category
- Updating factors, tables, and examples in Chapter 4
- Based on research, adding the following property types and recommended economic lives:
 - Ski Lift and Gondola personal property: 15 years
 - Draglines and Cranes: 20 years
 - Mining Shovels: 15 years



This memorandum only contains a summary list of the proposed changes. You will need to review the draft copy of the Assessors Reference Library, Volume 5, Personal Property Manual, for more detailed information on specific proposed changes. By no later than 4:30 P.M. on Thursday, November 13, the electronic copies (Adobe Acrobat files) of the proposed changes will be available for review on the Colorado Division of Property Taxation website at:

<http://dola.colorado.gov/dpt/index.htm>

Then look under the "News and Events" box in the top right corner of the screen and click on the "Proposed Changes to ARL5" link.

An open meeting to review comments regarding the proposed manual changes including the attached information has been scheduled for:

**Thursday, November 20, 2008, beginning at 1:30 P.M.,
at the Division of Property Taxation Offices
1313 Sherman Street, Room 318
Denver, Colorado 80203
E-mail: ken.beazer@state.co.us**

If you and/or anyone from your organization plan to attend, please contact Ken Beazer at the Division so that we may ascertain the number of participants for the meeting.

If you cannot attend but would like to provide written comments, please either e-mail, fax, or mail your comments so that they are received at the Division Offices by no later than 4:00 P.M. on Wednesday, November 19, 2008.

If you have any questions, please contact Ken Beazer at (303) 866-2790.

Thank you for reviewing this information and for your participation in the process.

CHAPTER 1

PERSONAL PROPERTY TABLES

The personal property tables chapter contains the replacement cost factors, economic life estimates, and percent good tables that are provided to assist county assessors in valuing personal property by the cost approach. The level of value adjustment factors are provided according to § 39-1-104(12.3)(a)(I), C.R.S., and must be used to factor assessment date actual values of personal property to the level of value (as of the appraisal date) in effect for real property.

The tables and factors published here are subject to verification in the marketplace at the retail “end user” trade level. All cost approach value estimates are based upon the factors and tables found in this chapter. Cost approach value estimates must be reconciled to the market and income approaches to value based upon the appraiser's opinion as to the reliability of the information used to derive the value estimates from each approach. Reconciliation of the applicable approaches to value is required for the valuation of all personal property in Colorado.

Actual Value Determined When.

(13)(a) ...the cost approach shall establish the maximum value of property if all costs incurred in the acquisition and installation of such property are fully and completely disclosed by the property owner to the assessing officer.

(c) ...However, nothing in this subsection (13) shall preclude the assessing officers from considering the market approach or income approach to the appraisal of personal property when such considerations would result in a lower value of the property and when such valuation is based on independent information obtained by the assessing officers.

§ 39-1-103(13), C.R.S.

For Colorado personal property assessment purposes, the actual value is the value in use, as installed. Colorado statutes require that personal property be valued inclusive of all costs incurred in acquisition and installation of the property. The costs of acquisition, installation, sales/use tax, and freight to the point of use must be considered in the personal property valuation. The inclusion of these costs requires that personal property be valued in use. Therefore, the actual value of personal property is based on its value in use.

Counties that develop in-house trending or depreciation tables must submit them annually for approval to the Statutory Advisory Committee to the Property Tax Administrator prior to use.

COST FACTOR TABLES

The replacement cost factor tables are provided to assist the assessor in the determination of replacement cost new estimates by multiplying original or historical cost of personal property by the cost price indexes published and made available courtesy of Marshall Valuation Service. When the original cost is multiplied by the factor for the year of acquisition, the product will approximate the current cost to replace, or the Replacement Cost New (RCN), of the personal property being appraised with property having similar utility.

The assessor must select the appropriate industry category number that corresponds to the type of personal property being appraised. Thirteen industry category numbers are supplied. In many instances, the individual industry category covers more than one type of commercial or industrial property. Specific types of commercial and industrial property are found in each industry category.

If the property to be factored can be specifically identified, the appropriate specific industry category (such as 3 for office personal property) should be applied. If the property cannot specifically be identified, the industry category for the business type may be used. If property is generally useful in many types of business activities, the predominant use shall determine the industry category.

If particular property types are not included in the table, a comparable property type industry category number may be selected. The “average of all” (industry category number 1) should be selected if the specific property type is not included in any of the industry categories and a similar industry category is not evident.

After selecting the appropriate industry category number, the assessor uses the specific cost factor that corresponds to the year of acquisition of the personal property. The original cost of the personal property is then multiplied by the cost factor to arrive at the estimated replacement cost new (RCN) as of the assessment date.

Example:

Personal Property	Industry Number	Acquisition Year	Cost	Cost Factor	RCN
Desk	3	2003	\$1,500	1.24	\$1,860

In other words, it would cost \$1,860 on the current assessment date to replace an office desk purchased in 2003 for \$1,500.

INDUSTRY CATEGORY NUMBERS

Types of Personal Property Included in Industry Categories

Industry Category Table	
<i>Industry Category Number</i>	<i>Property Type</i>
1	Average of All
2	Candy and Confectionery, Creamery and Dairy, Flour, Cereal and Feed, Garage, Meat Packing, Paint, Refrigeration and Rubber
3	Office Personal Property (excluding copiers and other technologically advanced personal property)
4	Retail and Wholesale Stores, Warehousing
5	Rental Furnishings, Apartments, Hotels and Motels
6	Banks, Savings and Loans, Restaurants and Lounges, and Theaters
7	Contractors' Personal Property
8	Laundry & Cleaning Personal Property
9	Industrial Bakery, Bottling, Canneries, and Fruit Packing
10	Brewing and Distilling, Cement, Clay Products, Glass, Metal, Logging, Metal Working, Mining and Milling
11	Manufacturing of Chemical, Electrical, Paper, Motion Pictures and Television, Printing, and Woodworking Personal Property
12	All Petroleum, Ethanol, Bio-diesel, and Textile
13*	Computer and PC, Computer-integrated Personal Property, Telephone and Telecommunication Personal Property, and Copiers
14	Renewable Energy Personal Property

Source: Marshall Valuation Service, October 2008

*Please refer to **Chapter 7, Special Issues**, under *Technologically Advanced Personal Property*, for more information.

2009 REPLACEMENT COST NEW FACTORS

2009 PERSONAL PROPERTY COST FACTOR TABLE

		Industry Category Number						
		1	2	3	4	5	6	7
Year Acquired	1983	1.94	1.88	1.77	1.90	1.85	1.81	1.85
	1984	1.89	1.83	1.72	1.84	1.80	1.75	1.81
	1985	1.87	1.81	1.70	1.81	1.77	1.73	1.79
	1986	1.85	1.80	1.68	1.79	1.75	1.72	1.78
	1987	1.82	1.77	1.65	1.76	1.72	1.69	1.75
	1988	1.75	1.70	1.58	1.69	1.66	1.62	1.70
	1989	1.66	1.62	1.51	1.60	1.57	1.55	1.62
	1990	1.61	1.58	1.47	1.56	1.53	1.51	1.57
	1991	1.58	1.54	1.45	1.54	1.50	1.49	1.53
	1992	1.56	1.52	1.44	1.51	1.47	1.47	1.50
	1993	1.53	1.49	1.42	1.47	1.43	1.43	1.46
	1994	1.49	1.46	1.38	1.42	1.39	1.39	1.43
	1995	1.44	1.41	1.34	1.38	1.34	1.35	1.39
	1996	1.42	1.39	1.32	1.37	1.32	1.34	1.37
	1997	1.40	1.37	1.31	1.34	1.30	1.32	1.34
	1998	1.38	1.36	1.30	1.33	1.29	1.31	1.33
	1999	1.38	1.36	1.30	1.33	1.28	1.31	1.32
	2000	1.36	1.33	1.27	1.30	1.26	1.28	1.29
	2001	1.34	1.32	1.26	1.30	1.25	1.28	1.29
	2002	1.34	1.31	1.26	1.29	1.24	1.27	1.28
	2003	1.31	1.29	1.24	1.27	1.23	1.25	1.26
	2004	1.27	1.25	1.21	1.23	1.20	1.21	1.22
	2005	1.18	1.17	1.15	1.15	1.13	1.14	1.14
	2006	1.13	1.12	1.10	1.10	1.09	1.10	1.09
	2007	1.07	1.07	1.06	1.06	1.05	1.05	1.06
	2008	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Marshall Valuation Service, October 2008

2009 REPLACEMENT COST NEW FACTORS CONTINUED

2009 PERSONAL PROPERTY COST FACTOR TABLE

		Industry Category Number						
		8	9	10	11	12	13	14
Year Acquired	1983	1.96	1.99	1.94	1.97	1.98	1.00	1.00
	1984	1.90	1.94	1.90	1.92	1.94	1.00	1.00
	1985	1.87	1.92	1.87	1.89	1.92	1.00	1.00
	1986	1.86	1.90	1.86	1.89	1.92	1.00	1.00
	1987	1.83	1.88	1.84	1.87	1.91	1.00	1.00
	1988	1.76	1.79	1.78	1.76	1.84	1.00	1.00
	1989	1.67	1.69	1.69	1.67	1.75	1.00	1.00
	1990	1.62	1.65	1.65	1.64	1.70	1.00	1.00
	1991	1.59	1.62	1.61	1.62	1.66	1.00	1.00
	1992	1.57	1.60	1.60	1.62	1.65	1.00	1.00
	1993	1.55	1.58	1.58	1.60	1.63	1.00	1.00
	1994	1.50	1.54	1.54	1.56	1.60	1.00	1.00
	1995	1.45	1.48	1.49	1.49	1.54	1.00	1.00
	1996	1.43	1.46	1.46	1.47	1.51	1.00	1.00
	1997	1.41	1.44	1.44	1.46	1.49	1.00	1.00
	1998	1.40	1.42	1.43	1.45	1.47	1.00	1.00
	1999	1.39	1.42	1.42	1.46	1.46	1.00	1.00
	2000	1.37	1.40	1.40	1.43	1.44	1.00	1.00
	2001	1.36	1.38	1.39	1.42	1.42	1.00	1.00
	2002	1.35	1.38	1.38	1.42	1.41	1.00	1.00
	2003	1.33	1.35	1.35	1.40	1.38	1.00	1.00
	2004	1.28	1.30	1.30	1.34	1.33	1.00	1.00
	2005	1.19	1.20	1.19	1.23	1.23	1.00	1.00
	2006	1.13	1.14	1.14	1.16	1.16	1.00	1.00
	2007	1.08	1.08	1.08	1.08	1.09	1.00	1.00
	2008	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Marshall Valuation Service, October 2008

2009 COST INDEX - FIXTURES/LEASEHOLD IMPROVEMENTS

June 30, 2008 Level of Value

This cost index is provided to assist the assessor in relating original or historical costs of fixtures or leasehold improvements to the real property level of value. The property may be valued using real property appraisal records for computations and should be assessed to the owner of record.

When using this method of valuation, the property must be classified and abstracted as real property improvements. The factors are useful only in the cost approach when attempting to factor historical costs to the correct level of value. All cost approach value estimates must be reconciled to the sales comparison (market) and income approaches to value as with other real property improvements. The factors found in this table are for estimating replacement costs only and do not include an allowance for depreciation.

**2009 FIXTURES/LEASEHOLD IMPROVEMENTS
COST FACTOR TABLE**

Year Acquired	Factor
1983	2.07
1984	1.99
1985	1.94
1986	1.93
1987	1.92
1988	1.88
1989	1.84
1990	1.79
1991	1.77
1992	1.74
1993	1.66
1994	1.60
1995	1.55
1996	1.55
1997	1.49
1998	1.47
1999	1.43
2000	1.36
2001	1.34
2002	1.32
2003	1.29
2004	1.20
2005	1.13
2006	1.07
2007	1.01
2008	1.00

Source: Marshall Valuation Service, October 2008

Average Economic Life Estimates

The average economic life estimates are provided for assistance in applying the percent good depreciation tables for each type of property being valued. The economic life recommendations are based upon the Class Life Asset Depreciation Range published by the Internal Revenue Service, Marshall Valuation Service, and other sources. Additional information about the economic life estimates may be found in I.R.S. publication 946, "How to Depreciate Property", available from the I.R.S.

The economic life estimates are based on average national service lives and assume normal use and maintenance of the property. Typical physical depreciation and functional/technological obsolescence for the personal property are accounted for when using the appropriate economic life estimate. Use of economic lives that differ from those in the estimates must be documented. Counties and taxpayers are encouraged to provide this documentation for review by the Division of Property Taxation for possible update of existing published lives.

For specific types of personal property, economic life estimates were developed based on studies completed by the Division of Property Taxation.

PROPERTY TYPE	Recommended Economic Life (years)
COMMERCIAL	
Wholesale / retail personal property	9
Adding machines, calculators	6
All terrain vehicles (ATVs): (for add'l information, see Chapter 7)	6
Amusement parks	12
<i>Automated teller machines (ATMs): (see Chapter 7)</i>	
Computer / electronic components / portion	4*
Structural housing	10
Auto repair shops	10
Bank vault doors	20
Barber and beauty shops	10
<i>Cable television:</i>	
Digital TV set-top boxes	4*
Subscriber converters, other than digital	5
Test personal property	8
Origination personal property	9
Satellite receiving ground stations	9
Distribution & subscriber connection property	10
Headend personal property	11
Microwave systems	9
Computers – personal & accessories	3*
Computers – other and stand alone peripherals	4*
Computer – integrated personal property	4
Construction personal property, general	6
Copiers	4*
Data handling personal property, except computers	6
Electronic personal property, except computers or gaming	6
<i>Gaming: see Chapter 7</i>	
Electronic (e.g., slot machines)	5
Larger gaming personal property (e.g., tables)	10
<i>Gas station personal property:</i>	
Electronic fuel pumps	6
General	10
Tanks (e.g., above ground, propane, septic)	10
Tanks (e.g., below ground, double-walled, fuel)	20
Hydroelectric Generators	20
Golf carts	6
Laundry and dry cleaning	10
Machinery (not otherwise listed)	10
<i>Medical personal property: (for additional info., see Chapter 7)</i>	3 to 10
<i>Commercial Continued on next page</i>	

* Use appropriate technologically advanced computer percent good table 2008.

Sources: Division of Property Taxation, Marshall Valuation Service, & I.R.S.

PROPERTY TYPE	Recommended Economic Life (years)
COMMERCIAL (continued)	
Meter and stamp personal property	6
Office furniture	10
Pedicabs	10
Photo processing personal property (electronic)	6
Port-a-potty	10
Radio and television broadcasting	6
Recreation and amusement	10
Restaurant and bar (all)	10
River Rafts	10
Shopping carts	5
Signs (billboard and monument)	20
Signs (other)	10
Signs (electronic)	6
<i>Ski lift and gondola personal property</i>	15
<i>Snow cats: (for additional information see Chapter 7)</i>	
Heavy use (e.g., snowgrooming operations)	6
Moderate use (e.g., transportation operations)	10
<i>Storage tanks:</i>	
Tanks (e.g., above ground, propane, septic)	10
Tanks (e.g., below ground, double-walled, fuel)	20
Telecommunication personal property (excluding towers)	4*
Theater	10
Towers	20
Typewriters	6
Vending machines	10
Video machines (arcade)	6
RESIDENTIAL/COMMERCIAL	
Residential rental furnishings	10
Apartment, hotel and motel furnishings	10
NATURAL RESOURCES	
<i>Mining - Metallic and Nonmetallic</i>	
Draglines and cranes	20
Electric mining shovels	15
Mining, quarrying, & milling personal property	10
<i>Petroleum and Natural Gas</i>	
Exploration, drilling	6
High-technology drilling rigs	10
Production (excluding pipelines)	14
Marketing, retail	9
Machinery (not otherwise listed)	10
Refining	16
<i>Timber</i>	
Logging	6
Sawmills, permanent	10
Sawmills, portable	6

Use appropriate technologically advanced computer percent good table 2008.
Sources: Division of Property Taxation, Marshall Valuation Service, & I.R.S.

PROPERTY TYPE	Recommended Economic Life (years)
INDUSTRIAL	
Aerospace	10
Apparel and fabricated textiles	9
Bakeries and Confectionery	12
Brewery	12
Canneries and frozen food	12
Cement manufacture	20
Cereal, flour, grain and mill products	17
Chemicals and related products	10
Clay and gypsum products	15
Concrete manufacture	15
Dairy products manufacturing	12
Electrical personal property manufacturing	10
Electronic personal property manufacturing	6
Fabricated metal products	12
Food and beverage production	12
Special handling devices	4
Forklifts	10
Glass and glass product	14
Grain Bins	20
Jewelry	12
Lumber, wood products and furniture	10
Machinery (not otherwise listed)	10
Meat packing	12
Motion picture and television production	12
Paint and varnish	10
Plastics and plastic products	11
Printing and publishing	11
Professional and scientific instruments	10
Paperboard and pulp	10
Rubber products	14
Refining personal property	16
<i>Semi-conductor manufacturing:</i>	
General	5
Research and development	3
Test personal property	5
Wafer fabrication	3
Soft drink bottling	12
Special tools (all industries)	3
Steel and related products	15
Stone products	15
Sugar and sugar products	18

Sources: Division of Property Taxation, Marshall Valuation Service, & I.R.S.

PERCENT GOOD TABLE

The personal property percent good table is provided to assist the assessor in estimating the replacement cost new less normal depreciation (RCNLD). The column headings represent the average service life expectancy of the personal property being appraised. Each column contains the percent good factor for a specified age in the life of the property.

Percent good tables measure the value remaining in personal property. Depreciation tables measure the loss in value at a specified age. The factor shown in the columns of the percent good table represents the percentage of RCN remaining at a specified age. The general percent good tables are built upon the following assumptions:

1. Iowa State University property retirement & depreciation studies
2. A specified rate of return
3. Average condition and usage of typical property

The general percent good table is generic in nature. It was designed to be generally useful for the majority of personal property. It is not specific to any particular industry or type of personal property.

The table was designed to account for normal physical depreciation. Typical physical depreciation and functional/technological obsolescence are accounted for when the appropriate economic life estimate is used. Additional functional/technological and/or economic obsolescence may also exist. If documented to exist, additional functional and economic obsolescence must be measured in the marketplace either using the market approach or rent loss methods. In addition, any adjustments to the percent good due to the condition of the subject property must be defensible and documented.

The minimum percent good shown for each of the columns is useful as a guide to residual value. It is not absolute and must be reconciled with value in use information at the retail "end user" trade level for similar types of property. If the market information shows that the actual value of personal property is lower than the value developed by using the minimum percent good, the use of the minimum percent good should be rejected in favor of the lower value. The actual value of the personal property must be determined as long as the personal property is taxable.

If the cost-calculated value is lower than the market and/or income approach developed value in use when the personal property reaches its minimum percent good, the assessor should review the original cost, all assigned factors, the physical condition of the property, and other pertinent contributors to value. If these are correct, the assessor must use the cost approach value as the actual value of the personal property according to § 39-1-103(13)(a), C.R.S.

To use the table, the assessor must determine the economic life and the effective age of the subject property. The percent good may be determined by moving across the columns until the one specified for the economic life is reached and then down this column to the point that reflects the effective age of the property.

Example:

Personal Property	Economic Life	Age	RCN	Percent Good	RCNLD
Desk	10 years	6 years	\$1,860	55%	\$1,023

The assessor must also consider functional and economic obsolescence, atypical physical condition, or other factors that might affect the value of the personal property. The assessor should also consider the frequency and extent of maintenance to the property. Extensive maintenance or reconditioning of the property may extend the economic life of the property just as a lack of maintenance may shorten the economic life.

DEPRECIATED VALUE FLOOR

In the year in which the personal property has reached its minimum residual percent good floor, the applicable Replacement Cost New (RCN) trending factor in use at that time is "frozen" and the Level of Value (LOV) adjustment factor is "frozen" at 1.0. For the assessment years that follow, the RCNLD value does not change unless the personal property has been reconditioned or upgraded to extend its remaining economic life.

It is possible that the market or income approach may indicate a lower value than the personal property's minimum percent good. In addition, as property ages, the use of original installed cost multiplied by trending factors may not yield reasonable RCN values. Any RCNLD estimate should be crosschecked with sales comparison (market) and income information sources, if possible, and the appropriate value used.

VALUATION OF USED PERSONAL PROPERTY

The valuation of used personal property requires that a decision be made concerning the remaining economic life of the property. If the personal property's elapsed age from its actual year of manufacture, or estimated effective year of manufacture, is equal to or greater than the number of years in which the personal property would have reached its fully depreciated value floor, then the price paid for the personal property is to be treated as RCNLD and "frozen" at that value. RCN trending and percent good factors will not be applied to the frozen value. The LOV adjustment factor is "frozen" at 1.0 and will remain 1.0 unless the personal property is reconditioned or upgraded.

When the personal property is reconditioned to extend its remaining economic life and/or upgraded to improve its utility, the reconditioned/upgraded personal property may be treated similar to newer personal property and the acquisition cost subject to depreciation over a complete economic life of the personal property. In such cases, the county staff must contact the taxpayer and discuss the effect that the reconditioning/upgrade has had on the personal property so that a reasonable effective age for the personal property may be established.

Even though personal property has been permanently taken out of service, but has not been scrapped or sold, it still has value. However, additional functional and/or economic obsolescence may exist.

If the elapsed age from the year of manufacture, or estimated effective year of manufacture, is less than the number of years when the personal property would have reached its depreciated value floor, as evidenced in its recommended economic life from the preceding tables, then the property is treated similar to new personal property and the owner's acquisition cost is subject to depreciation over the personal property's complete economic life. However, the resulting value should be compared to the sales comparison (market) value for the personal property, if possible.

2009 GENERAL PERCENT GOOD TABLE

	Average Economic Life in Years																	
	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	69	77	83	86	89	91	92	94	94	95	96	96	97	97	97	98	98	98
2	39	55	65	72	77	81	84	87	88	90	91	92	93	94	95	95	96	96
3	18	35	48	58	65	71	76	79	82	84	86	88	90	91	92	93	93	94
4	15	19	32	44	53	61	66	71	75	79	81	84	85	87	89	90	91	92
5		15	20	32	41	51	57	63	68	72	76	79	81	83	85	87	88	89
6			15	21	31	40	48	55	61	66	70	74	77	79	82	84	85	87
7				15	22	32	40	47	54	59	64	68	72	75	78	80	82	84
8					15	23	32	39	47	52	58	63	67	70	74	77	79	81
9						15	24	32	38	46	52	57	62	66	69	73	76	78
10							15	25	32	40	45	51	56	61	65	69	72	75
11								15	26	32	39	46	51	56	60	64	68	71
12									22	27	33	39	46	51	55	60	64	68
13									15	24	28	36	40	45	49	55	60	64
14										15	25	29	36	42	45	52	56	60
15											19	24	31	37	42	47	52	56
16											15	22	25	32	38	43	48	52
17												15	24	27	33	38	43	48
18													15	26	28	34	39	44
19														22	24	30	35	40
20														15	20	26	31	36
21															19	22	28	33
22															15	18	24	29
23																15	21	26
24																	15	24
25																		21
26																		15

Source: Division of Property Taxation

Using market studies, the following table has been developed for **Personal Computers (PCs) and Accessories:**

Percent Good Table 2009

THREE-YEAR ECONOMIC LIFE TABLE		
Effective Age		Percent Good
	1	
2		23%
3		13%
4		7%

Source: Division of Property Taxation

Using market studies, the following table has been developed for **Other Computers and Stand Alone Peripherals:**

Percent Good Table 2009

FOUR-YEAR ECONOMIC LIFE TABLE		
Effective Age		Percent Good
	1	
2		36%
3		22%
4		13%
5		7%

Source: Division of Property Taxation

The “Other Computers and Stand Alone Peripherals” percent good table should also be used for Copiers and Telecommunication Personal Property. For personal property classified as Computer-integrated Personal Property, a four (4) year economic life is assigned. The four (4) year life depreciation table found in the General Percent Good Table in this chapter should be used.

If you have questions concerning personal computers (PCs) and accessories, other computers and stand alone peripherals, computer-integrated personal property, copiers, or telecommunication personal property, please refer to **Chapter 7, Special Issues**, under Technologically Advanced Personal Property.

LEVEL OF VALUE FACTORS

The following table contains the indexes for adjusting current actual value of personal property to the level of value (LOV) in effect for real property as specified by § 39-1-104(12.3)(a)(I), C.R.S. The procedure involves the multiplication of the assessment date actual value (RCNLD) estimate by the appropriate LOV factor for the type of property being valued. When personal property reaches its fully depreciated value floor the actual value should be determined and frozen. The LOV factor is “frozen” at 1.0 and will remain 1.0 unless the personal property is reconditioned or upgraded.

Example:

Personal Property	Industry Number	Age	RCNLD	LOV Factor	Actual Value
Desks	3	6 years	\$1,023	0.98	\$1,003

2009 PERSONAL PROPERTY LOV FACTOR TABLE
June 30, 2008 Level of Value

Industry Category Number	LOV Factor
1	0.97
2	0.97
3	0.98
4	0.98
5	0.98
6	0.98
7	0.98
8	0.97
9	0.97
10	0.97
11	0.97
12	0.97
13	1.00
13	0.97

Source: Division of Property Taxation and Marshall Valuation Service

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Bill Ritter, Jr.
Governor

Colorado Department of Local Affairs

Susan E. Kirkpatrick
Executive Director

DIVISION OF PROPERTY TAXATION

JoAnn Groff
Property Tax Administrator

TO: County Assessors

FROM: JoAnn Groff, Property Tax Administrator

SUBJECT: HB 08-1395 – Property Leased by Governmental Entities for Governmental Purposes

DATE: November 5, 2008

DISTRIBUTION: Review with appropriate staff
File in Abstract/Classification and Exempt files

MEMORANDUM

In accordance with House Bill 08-1395, beginning January 1, 2009, real property that is under lease (including subleases) or rental agreement to the state, a political subdivision, or a state-supported institution of higher education for at least a one-year term shall be exempt from the levy and collection of property tax, as long as the property is used for governmental purposes of those entities.

The state, political subdivision, or state-supported institution of higher education must file a copy of the lease or rental agreement with the county assessor's office. Recording the lease with the clerk and recorder's office is not required. However, it will be necessary for assessors to keep records of leasing information and expiration dates for future reference.

After an entity files the lease or rental agreement with the assessor, it may be necessary to prorate the value. Partial-year leases should be prorated in the same manner as other exempt property and as outlined in ARL Volume 2, Chapter 4, Assessment Math, Prorating Values. Proration starts from the effective date of the lease or rental agreement and ends with the expiration or termination date of the lease.

On properties qualifying for this exemption, the Division recommends assigning exempt subclass codes, 9195 (land) and 9295 (improvements), "All Other, Leased." On the Abstract of Assessment, these codes would be reported under the state-equivalent codes for All Other Exempt Property, 9199 (land) and 9299 (improvements). In cases where only part of a structure is leased to the state, political subdivision, or a state-supported institution of higher education, the assessor should allocate the values to both taxable and exempt subclass codes based on the square footage of the area used by the exempt entity.

Please direct any questions or concerns regarding classification issues to Janeen Ogden at 303-866-2134 or janeen.ogden@state.co.us.

