



STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION
450 N STREET, MIC: 64, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
Telephone: (916) 445-4982

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No. 94/24

April 4, 1994

TO COUNTY ASSESSORS:

UPDATE OF VALUATION TABLES PROVIDED IN LTA'S 90/35 & 90/36

Previously, in Letters To Assessors 90/35 and 90/36, the Board staff provided depreciation tables for semiconductor manufacturing equipment and for non-manufacturing computers. Since that time, many changes have occurred which affect those tables. The personal computer industry has gone through a continuing price war as new models have been turned out with greater speed and capacity. Also, since the issuance of LTA 90/35, the Bureau of Economic Advisors (BEA) has produced a price index for computers. Attached to this letter are tables to use when valuing non-manufacturing computers and semiconductor manufacturing equipment. We recommend that assessors use these tables when valuing equipment for the 1994 lien date.

Board staff started with the original data used to compute the combined factors presented in LTA 90/35. Staff then analyzed this data using the BEA index to compute depreciation points. Staff examined the depreciation data and determined the R-3 Iowa State curve, 6 year life table to be the most appropriate depreciation table. Staff combined the resulting depreciation with the deflation index table provided by the BEA to produce a combined index table for computers.

We recommend that you use the table in the attachment when valuing computers for the 1994 lien date. One caveat does apply. The data examined for computer sales prices showed a great deal of variability. This suggests that while the table provided should provide an accurate estimate on a mass appraisal basis, in some cases the value predicted by the table could be too low or too high depending on the particular mixture of equipment being valued. The possibility of this increases as the equipment ages.

TO COUNTY ASSESSORS

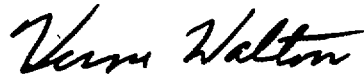
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Semiconductor equipment has gone through several assessment appeals cases since the release of the factors provided in LTA 90/36. Industry and assessors conducted a lengthy analysis of data and reached a consensus on a table appropriate for valuing semiconductor manufacturing equipment. The table is based on a 6.5 year economic life.

If you have questions regarding this letter please call the Business Property Technical Services unit at 916-445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:mfb
Enclosure