

October 22, 2008

Airgas, Inc.

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Ms. Sherrie Kinkle
State Board of Equalization
Property and Special Taxes Department
450 N Street
Sacramento, CA 94279

RE: Economic Lives in Assessors' Handbook Section 581

Dear Ms. Kinkle:

I am the Property Tax Manager for Airgas, Inc. which, through its operating subsidiaries, files in excess of 160 Business Property Statements annually throughout the State of California. We would like to express our concerns regarding the planned inclusion of the Economic Lives and Valuation Table in Assessors' Handbook Section 581.

Our first concern is that the proposed categories lack any definition as to what types of businesses and equipment should be included in each of these categories. We face this issue on an ongoing basis with assessors utilizing the CAA's recommended economic lives and various interpretations by the assessors as to what category or categories are most representative of our equipment. Consequently, the use of this type of table has produced very little equalization or uniformity in the assessment of our property.

Although, you clearly state the "...data contained in the handbook are intended as a *guide*..." we are constantly facing auditors and assessors who consider the CAA recommended economic lives as gospel and are unwilling to even discuss the appropriate economic life of an asset outside of these "guidelines". I see this problem as being further exacerbated, not only with assessors and auditors but also with the Assessment Appeals Boards, should you publish these proposed economic lives in the Assessors Handbook.

The numerous appeals we have had to file in the past, and those currently pending before several county Assessment Appeals Boards bear further witness to the aforementioned. There is considerable confusion between assessors and auditors as to the difference between propane tanks and bulk gas storage tanks. Any asset that says tank is automatically assumed to be a propane tank (or similar use) and a 30-year economic life is being inappropriately being applied by auditor and assessor alike.



Ms. Sherrie Kinkle
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October 22, 2005

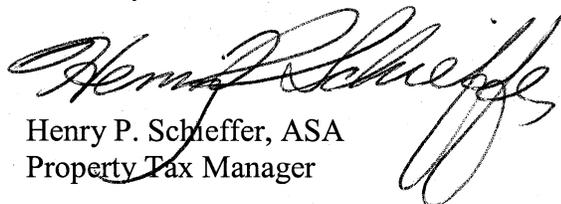
Airgas has an inventory of Bulk Storage tanks which are located at customer's sites throughout the United States. The majority of these tanks are small vertical cryogenic Storage Tanks used for the storage of liquid nitrogen, oxygen, and argon. These tanks are welded steel Storage Tanks which typically range in size from 250 to 13,000 gallons; and are not to be confused with large propane tanks, or large bulk storage tanks which can typically range from 15,000 to 85,000 gallons in size.

Based on information from our bulk tank specialists, our bulk storage tanks are removed from our customer sites for refurbishment **every 8 to 10 years**, if not sooner. At that time, the tanks need to be completely refurbished at a cost which averages between \$13,000 to \$20,000. The refurbishment includes, but is not limited to, replacement of valves, membranes, painting, and vacuum repair. Without the refurbishment, they are fully depreciated, after 8 to 10 years, and have no remaining useful life.

We have forwarded the supporting documentation regarding our bulk tank economic lives to several auditor/appraisers who do not seem to understand the concepts of effective age and remaining economic life. Consequently, we are not overly enthusiastic that any "Changes to lives will be recommended by staff...", and we will be left fighting an even tougher battle as the SBE is giving the power of legitimacy to these unsubstantiated economic lives.

Should the SBE decide to move forward with the inclusion of the Economic Lives and Valuation Table in Assessors' Handbook Section 581, we ask that a separate category be created for bulk gas storage tanks, similar to ours, with an economic life no greater than 10 years. Airgas would be more than willing to forward the supporting information regarding our bulk gas storage tanks if the SBE is willing to take this matter under advisement. Thank you for your consideration in this matter and please feel free to contact me if you have any questions.

Cordially Yours,



Henry P. Scheffer, ASA
Property Tax Manager

