



North Carolina Department of Revenue

Michael F. Easley
Governor

E. Norris Tolson
Secretary

December 31, 2003

MEMORANDUM

TO: County Assessors

FROM: David B. Baker, Director
Property Tax Division

RE: Enclosed 2004 Schedules

We are enclosing the Depreciation and Valuation Schedules for the 2004 tax year. We recommend the use of these schedules in the valuation of business personal property and certain taxable personal property listed as of January 1, 2004.

There were a few changes this year, other than the usual percent good factor adjustments. These changes are for appraisals as of January 1, 2004 and forward only and are not retroactive. The changes have been marked with an asterisk in the index and are described below:

- 1) Certain types of copying and duplicating equipment have replaced computer printers, which are appraised using the "Data Processing Equipment" schedule U5. These types of copying and duplicating equipment are sometimes called "Multi-Function devices", have the ability to function as network computer printer, copier, and fax and may be appraised using the Data Processing Schedule rather than the N5 or L5.
- 2) For 2004, we recommend an additional 25% obsolescence reduction in addition to the value calculated using the I-8 schedule on all temporarily idle fiber optic manufacturing equipment. This adjustment is applicable until the equipment is either in use, planned for use, or meets the definition of idle equipment on Index page 8.
- 3) We have added a category for "Natural Gas Fired and Combined Cycle Electrical generating equipment" under "Steam Powered Electrical Generating Equipment". A combined cycle electrical generating facility captures steam during the combustion process from natural gas fueled electricity generating turbines and uses the steam to produce additional electricity with steam powered generating equipment. Natural Gas turbines are more costly and are rebuilt more often than the steam-powered equipment. We recommend a T-18 schedule for this new category.

We will have the Cost Index and Depreciation Schedules on the web as soon as possible. The Division's publication site is at <http://www.dor.state.nc.us/publications/property.html>.

(continued on reverse)

These schedules have been prepared by this office as a general guide to be used in the valuation of business personal property utilizing the replacement cost approach to value. It is important to remember that the schedules are only a guide. There may be situations where the appraiser will need to make adjustments for additional, or less, functional or economic obsolescence, or for other factors.

We feel that the proper use of the schedules will aid in the overall uniformity and equity of property tax assessment practices as required by North Carolina statutes. If you have any questions about these schedules please contact Kirk Boone or David Baker at 919-733-7711.