

**STANDARD MEASURES OF VALUE:  
TANGIBLE PERSONAL PROPERTY  
APPRAISAL GUIDELINES**

**FLORIDA  
DEPARTMENT OF REVENUE**

STATE OF FLORIDA  
DEPARTMENT OF REVENUE  
PROPERTY TAX OVERSIGHT PROGRAM

Post Office Box 3000  
Tallahassee, Florida 32315-3000

**STANDARD MEASURES OF VALUE:  
TANGIBLE PERSONAL PROPERTY APPRAISAL GUIDELINES**

Introduction

These guidelines have been prepared by the Florida Department of Revenue's Property Tax Administration Program to help achieve equity in the mass appraisal of tangible personal property through uniform application of valuation guidelines. The Florida Constitution mandates that general law regulations be prescribed to secure a just valuation of all property for ad valorem taxation. This will ensure equity within and between all classes of property among the taxing jurisdictions in Florida.

The content of these guidelines is intended to assist property owners and appraisal officials in their legal obligation to respectively report and assess tangible personal property. Appraisal officials must use sound judgment when applying the recommended guidelines, procedures, and schedules to determine the validity of property values reported by owners. Some of the suggested methodologies are intended only to provide an approximation of value for the personalty of a business typical for that class. Other job aids, such as the depreciation schedules, are recommended to determine just value based on adjustments to information obtained from property owners. Although the standard measures of value provided in these guidelines are considered valid tools, the property appraiser's statutory presumption of correctness is not refuted merely because the guidelines may not establish just value. [Sections 195.032 and 195.062, Florida Statutes]

The practitioner is discouraged from relying on these guidelines without a thorough knowledge of generally accepted appraisal procedures. Instead, one should review all statements set forth within the context of this entire document and consult with jurisdictional authorities. The appraisal official is required to consider the cost, market and income approaches, and use one of these approaches or a combination of these approaches in arriving at just value. The eight factors in Section 193.011, F.S., must be considered in deriving just value.

These guidelines are not intended to limit or restrict the property appraisers or the Department in the use of generally accepted valuation techniques.

The Property Tax Administration Program strives to provide taxpayers and taxing authorities with current information regarding changes in the tax laws of the State of Florida and its political subdivisions. Please direct any questions regarding this edition or suggestions for future updates and publications of these guidelines to the Florida Department of Revenue.

[Sections 195.032 and 195.062, F.S.]

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**FLORIDA DEPARTMENT OF REVENUE  
PROPERTY TAX ADMINISTRATION PROGRAM  
TANGIBLE PERSONAL PROPERTY APPRAISAL GUIDELINES**

**I. PURPOSE**

These guidelines are published for the purpose of implementing the procedures, requirements, programs and policies of the Department of Revenue relative to its general supervision of the assessment and valuation of tangible personal property tax rolls in the State of Florida. [Sections 193.011, 195.0012, and 195.002, F.S.]

**II. AUTHORITY**

Sections 195.032 and 195.062(1), F.S., authorize the Department of Revenue to prepare and maintain guidelines to assist the property appraisers. They are intended to assist in the assessment of property and are not construed to be the final authority or all inclusive in nature.

**III. DEFINITIONS AND OCCURRENCES OF USE IN TEXT**

1. **ACTUAL AGE**, pages 10, 13, and 35
2. **ASSEMBLAGE**, page 10
3. **COMPUTER AND RELATED EQUIPMENT**, pages 10, 11, 45, and 52
4. **CONSTRUCTION WORK IN PROGRESS**, pages 11, 25, and 26
5. **DEPRECIATION**, pages 3, 11, 12, 13, 15, 18, 35, 37, 38, 40, 41, 43, 48, and 49
6. **ECONOMIC LIFE**, pages 12, 13, 19, 20, 35, 36, 42, 43, 44, 45, 46, and 47
7. **ECONOMIC OBSOLESCENCE**, pages 13 and 41
8. **EFFECTIVE AGE**, pages 13, 35, 38, 43, and 46
9. **FLOATING STRUCTURE**, pages 13 and 14
10. **FUNCTIONAL OBSOLESCENCE**, pages 12, 14, 36, 40, and 41
11. **HISTORICAL COST**, pages 14, 15, 36, 37, 38, and 43
12. **HOUSEHOLD GOODS**, pages 15, 26, and 29
13. **INTANGIBLE PERSONAL PROPERTY**, pages 15 and 44
14. **INVENTORY**, pages 16, 25, 26, 29, 30, and 45

15. **JUST VALUE**, pages 3, 16, 17, 34, 35, 43, 44, and 47
16. **LEASEHOLD**, pages 17 and 33
17. **LEASEHOLD IMPROVEMENTS**, pages 17 and 33
18. **MARKET VALUE**, pages 12, 17, 37, 38, 40, 41, 42, 43, 45, and 48
19. **ORIGINAL COST**, pages 12, 15, 18, 33, 36, 38, and 40
20. **PERCENT GOOD**, pages 18, 41, and 43
21. **POOLING OF INTERESTS METHOD OF ACCOUNTING**, pages 18, 36 and 37
22. **PURCHASE METHOD OF ACCOUNTING**, pages 19 and 36
23. **REMAINING ECONOMIC LIFE**, pages 19, 20, and 43
24. **REPLACEMENT COST**, pages 12, 18, 20, 21, 40, 41, 42, and 43
25. **REPLACEMENT COST NEW**, pages 18, 21, 40, 41, 42, and 43
26. **REPRODUCTION COST**, pages 12, 21, and 22
27. **REPRODUCTION COST NEW**, page 22
28. **SALVAGE VALUE**, pages 22 and 43
29. **SITUS**, pages 22, 24, and 32
30. **SUPPLIES**, pages 16, 25, and 55
31. **TANGIBLE PERSONAL PROPERTY**, pages 3, 7, 10, 11, 14, 15, 22, 23, 25, 29, 30, 31, 32, 33, 34, 35, 36, 38, 43, 44, 45, 47, and 49
32. **TRADE FIXTURES**, pages 26 and 55
33. **UNIT METHOD OF VALUATION**, pages 27 and 44
34. **VALUE**, pages 3, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 28, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 47, and 48
35. **VALUE IN EXCHANGE**, pages 27 and 28



**PUBLICATIONS USED WITH PERMISSION AS REFERENCES FOR DEFINITIONS**

Appraising Machinery and Equipment, American Society of Appraisers (ASA), McGraw Hill, 1989.

Assessment of Personal Property, Course 5, International Association of Assessing Officers, 130 E. Randolph Street, Suite 850, Chicago, Il 60601, 1996.

Black's Law Dictionary, 6th Ed., West Publishing Co., 50 W. Kellogg Blvd., P.O. Box 64526, St. Paul, Mn 55164-0526, 1990.

Florida Administrative Code.

Florida Statutes.

IBM Dictionary of Computing, McGraw-Hill, Inc., 1994.

Introduction to Machinery & Technical Specialties Valuation, Principles of Valuation, MTS201, American Society of Appraisers (ASA), 1991.

Opinions of the Accounting Principles Board, Opinion No. 16 on Business Combinations issued by the Accounting Principles Board (APB16) of the American Institute of Certified Public Accountants, 1970.

Property Appraisal and Assessment Administration, The International Association of Assessing Officers (IAAO), 130 E. Randolph Street, Suite 850, Chicago, Il 60601, 1990.

Standard on Valuation of Personal Property, International Association of Assessing Officers (IAAO), 130 E. Randolph Street, Suite 850, Chicago, Il 60601, 1996.

The Appraisal of Real Estate, 10th Edition, Appraisal Institute, 1992.

The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, 1993.

Uniform Standards of Professional Appraisal Practice (USPAP), The Appraisal Foundation, 1029 Vermont Avenue, NW, Suite 900. Washington, DC 20005-3517, 1996.

NOTE: More current editions of these publications or new case law may require revision or will supersede the current definitions.

NOTE: Many of the following definitions apply to real estate but are, in fact, also applicable to tangible personal property. In some cases, more than one definition is given for a term; these guidelines do not establish preference of one definition to another. Where more than one definition is given, the intent is to broaden the reader's knowledge.

## 1. ACTUAL AGE

REFERENCE	DESCRIPTION
THE DICTIONARY OF REAL ESTATE APPRAISAL, Third Edition, Appraisal Institute, 1993, p. 5.	<b>ACTUAL AGE.</b> The number of years that have elapsed since the construction of an improvement was completed; also called historical or chronological age.

## 2. ASSEMBLAGE

REFERENCE	DESCRIPTION
USPAP, 1996 Edition, The Appraisal Foundation, p. 136.	<b>ASSEMBLAGE.</b> In appraising personal property: the combining of properties (e.g.: items, components, or the like) into units, sets, or groups.

## 3. COMPUTER AND RELATED EQUIPMENT

REFERENCE	DESCRIPTION
IBM DICTIONARY OF COMPUTING, McGraw Hill, Inc., 1994, pp. 129, 432.	<b>COMPUTER.</b> A functional unit that can perform substantial computations, including numerous arithmetic operations and logic operations without human intervention during a run. In information processing, the term computer usually describes a digital computer. A computer may consist of a stand-alone unit or may consist of several interconnected units.  In terms of size and processing power, the hierarchy of computers consists of supercomputers, mainframes, (usually called processing units or processors), superminis, minicomputers, and microcomputers. As the computing power and storage capability of microcomputers grows and size of minicomputers decreases to table-top dimensions, the distinctions

between micros and minis will become less distinct and may eventually disappear.

Note: **Computer related equipment** includes monitors, printers, scanners, disk drives, cables, and other electronic peripherals commonly used as part of a non-production computer system.

For purposes of these guidelines, the term "computer equipment" specifically excludes production computers which are embedded in machinery; nor does it include equipment or computers specifically designed for use in any application directly related to manufacturing. For example, equipment used for the manufacture of computers, semiconductors, or other components are production components.

#### 4. CONSTRUCTION WORK IN PROGRESS

REFERENCE	DESCRIPTION
SECTION 192.001 (11)(d), FLORIDA STATUTES	<b>CONSTRUCTION WORK IN PROGRESS.</b> Consists of those items of tangible personal property commonly known as fixtures, machinery, and equipment when in the process of being installed in new or expanded improvements to real property and whose value is materially enhanced upon connection or use with a preexisting, taxable, operational system or facility. Construction work in progress shall be deemed substantially completed when connected with the preexisting, taxable, operational system or facility.

#### 5. DEPRECIATION

REFERENCE	DESCRIPTION
ASSESSMENT OF PERSONAL PROPERTY, International Association of Assessing Officers, 130 E. Randolph St., Suite 850, Chicago, Il 60601, 1996, p. A-2.	<b>DEPRECIATION IN ACCOUNTING.</b> A method providing for systematic allocation of recovery of cost over an asset life.

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-2.

**DEPRECIATION IN APPRAISAL.** A loss of market value of an asset relative to its cost. It may stem from any cause that results in actual loss.

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 641.

**DEPRECIATION.** Loss in value of an object, relative to its replacement cost, reproduction cost, or original cost, whatever the cause of the loss in value. Depreciation is sometimes subdivided into three types: physical deterioration (wear and tear), functional obsolescence (suboptimal design in light of current technologies or taste), and economic obsolescence (poor location or radically diminished demand for the product).

THE DICTIONARY OF  
REAL ESTATE  
APPRAISAL, Third  
Edition, Appraisal  
Institute, 1993, p. 96.

**DEPRECIATION.** (1.) In appraising, a loss in property value from any cause; the difference between the reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value on the same date. (2.) In regard to improvement, depreciation encompasses both deterioration and obsolescence. (3.) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

NOTE: Two definitions for the application of depreciation are recognized: one as applied in appraising and one as applied in accounting. The reader should be aware of the differences.

## 6. ECONOMIC LIFE

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-2.

**ECONOMIC LIFE.** The period of time over which an asset's operation is economically feasible. The economic life may or may not be equivalent to physical life of the asset.

BLACK'S LAW  
DICTIONARY,  
6th Edition, West  
Publishing Co., 1990,  
p. 513.

**ECONOMIC LIFE.** Useful or profitable  
life of property, which may be shorter  
than the physical life. See  
also Economic Obsolescence.

## 7. ECONOMIC OBSOLESCENCE

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1006, p. A-2.

**ECONOMIC OBSOLESCENCE [EXTERNAL  
OBSOLESCENCE].** The loss in value  
(relative to the cost of replacing it with  
a property of equal utility) resulting from  
causes outside the property suffering the  
loss. Usually locational in nature in  
depreciation of real estate; it is more  
commonly market wide in personal property  
and is generally considered to be  
economically unfeasible to cure.

## 8. EFFECTIVE AGE

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-2.

**EFFECTIVE AGE.** An age assigned to an asset  
based on a combination of its actual age  
and condition.

## 9. FLOATING STRUCTURE

### REFERENCE

### DESCRIPTION

SECTION 192.001(17),  
barge  
FLORIDA STATUTES

**FLOATING STRUCTURE.** Means a floating  
-like entity, with or without  
accommodations built thereon, which is not  
primarily used as a means of transportation  
on water but which serves purposes or  
provides services typically associated with  
a structure or other improvement to real  
property. The term "floating structure"  
includes, but is not limited to, each  
entity used as a residence, place of  
business, office, hotel or motel,  
restaurant or lounge, clubhouse, meeting

facility, storage or parking facility, mining platform, dredge, dragline, or similar facility or entity represented as such. Floating structures are expressly excluded from the definition of the term "vessel" provided in s. 327.02, F.S. Incidental movement upon water shall not, in and of itself, preclude an entity from classification as a floating structure. A floating structure is expressly included as a type of tangible personal property.

## 10. FUNCTIONAL OBSOLESCENCE

REFERENCE	DESCRIPTION
ASSESSMENT OF PERSONAL PROPERTY, International Association of Assessing Officers, 130 E. Randolph St., Suite 850, Chicago, IL 60601, 1996, p. A-3.	<b>FUNCTIONAL OBSOLESCENCE.</b> A loss in value of an asset stemming from some cause within the asset yet not attributable to physical deterioration. In personal property, the primary cause of functional obsolescence is technological innovation. Other causes are changes in tastes, preferences, or market standards.
INTRODUCTION TO MACHINERY & TECHNICAL SPECIALTIES VALUATION, Principles of Valuation, MTS201, American Society of Appraisers, 1991, p. A-4.	<b>FUNCTIONAL OBSOLESCENCE.</b> Loss in value due to factors inherent in the property itself and changes in design, materials, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, use of materials, or excess operating costs.

## 11. HISTORICAL COST

REFERENCE	DESCRIPTION
INTRODUCTION TO MACHINERY & TECHNICAL SPECIALTIES VALUATION, Principles of Valuation, MTS201, American Society of Appraisers, 1991, p. A-5.	<b>HISTORICAL COST.</b> The initial capitalized cost of an asset at the time it was first put into service.

BLACK'S LAW  
DICTIONARY,  
6th Edition,  
West Publishing  
Co., 1990, p. 730.

**HISTORICAL COST.** In accounting,  
acquisition or original cost; e.g. original  
construction cost of building.

THE DICTIONARY OF  
REAL ESTATE  
APPRAISAL,  
Third Edition,  
Appraisal Institute,  
1993, p. 172.

**HISTORICAL COST.** The cost of a  
property when it was originally  
constructed.

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-3.

**HISTORIC COST.** The cost of an asset not  
adjusted for inflation since the date of  
purchase. Usually the basis for  
depreciation in accounting which has a  
requirement that all information on  
financial statements be presented in terms  
of the item's original cost to the entity.

## 12. HOUSEHOLD GOODS

### REFERENCE

### DESCRIPTION

SECTION 192.001  
(11)(a), FLORIDA  
STATUTES

**HOUSEHOLD GOODS.** Means wearing apparel,  
furniture, appliances, and other items  
ordinarily found in the home and used for  
the comfort of the owner and his or her  
family. Household goods are not held for  
commercial purposes or resale.

## 13. INTANGIBLE PERSONAL PROPERTY

### REFERENCE

### DESCRIPTION

SECTION 192.001  
(11)(b), FLORIDA  
STATUTES

**INTANGIBLE PERSONAL PROPERTY.** Means money,  
all evidences of debt owed to the taxpayer,  
all evidences of ownership in a corporation  
or other business organization having  
multiple owners, and all other forms of  
property where value is based upon that  
which the property represents rather than  
its own intrinsic value.

## 14. INVENTORY

### REFERENCE

SECTION 192.001  
(11)(c), FLORIDA  
STATUTES

### DESCRIPTION

**INVENTORY.** Means only those chattels consisting of items commonly referred to as goods, wares, and merchandise (as well as inventory) which are held for sale or lease to customers in the ordinary course of business. Supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business. Partially finished products which when completed will be held for sale or lease to customers in the ordinary course of business shall be deemed items of inventory. All livestock shall be considered inventory. Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items. For the purposes of this section, fuels used in the production of electricity shall be considered inventory.

## 15. JUST VALUE

### REFERENCE

FLORIDA ADMINISTRATIVE  
CODE (12D-1.002(2),  
F.A.C.)

### DESCRIPTION

**JUST VALUE - JUST VALUATION,** Actual Value and Value. The price at which a property, if offered for sale in the open market, with a reasonable time for the seller to find a purchaser, would transfer for cash or its equivalent, under prevailing market conditions between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other.



SUPREME COURT OF  
FLORIDA, *WALTER v.*  
*SCHULER*, 176 So.2d 81,  
85-6 (Fla. 1965)

"that 'fair market value' and '**just valuation**' should be declared 'legally synonymous'...in turn, may be established by the classic formula that this is the amount a 'purchaser willing but not obliged to buy, would pay to one willing but not obliged to sell.'"

## 16. LEASEHOLD

### REFERENCE

### DESCRIPTION

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 649.

**LEASEHOLD.** The interests in a property that are associated with the lessee (the tenant) as opposed to the lessor (the property owner).

## 17. LEASEHOLD IMPROVEMENTS

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-4.

**LEASEHOLD IMPROVEMENTS.** Items of personal property such as furniture and fixtures associated with a lessee (the tenant) that have been affixed to the real property owned by the lessor.

BLACK'S LAW  
DICTIONARY,  
6th Edition,  
West Publishing  
Co., 1990, p. 890.

**LEASEHOLD IMPROVEMENTS.** Improvements made by lessee to leased property such as a parking lot or driveway. The term is used in condemnation proceedings to determine the portion of the award to which the lessee is entitled.

## 18. MARKET VALUE

See **JUST VALUE**, page 16.

## 19. ORIGINAL COST

### REFERENCE

INTRODUCTION TO  
MACHINERY & TECHNICAL  
SPECIALTIES VALUATION,  
Principles of  
Valuation, MTS201,  
American Society  
of Appraisers, 1991,  
p. A-5.

### DESCRIPTION

**ORIGINAL COST.** The initial capitalized cost of the asset in the hands of its present owner.

## 20. PERCENT GOOD

### REFERENCE

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-4.

### DESCRIPTION

**PERCENT GOOD.** The percentage of replacement cost new that results in market value, percent good represents the value remaining after allowing for depreciation.

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 656.

**PERCENT GOOD.** An estimate of the value of a property, expressed as a percentage of its replacement cost, after depreciation of all kinds has been deducted.

## 21. POOLING OF INTERESTS METHOD OF ACCOUNTING

### REFERENCE

OPINION NO. 16 ON  
BUSINESS COMBINATIONS,  
ACCOUNTING PRINCIPLES  
BOARD, AMERICAN INSTI-  
TUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS,  
1970.

### DESCRIPTION

**POOLING OF INTERESTS METHOD OF ACCOUNTING.** This method accounts for a business combination as the uniting of the ownership interests of two or more companies by exchange of equity securities. No acquisition is recognized because the combination is accomplished without disbursing resources of the constituents. Ownership interests continue and the former bases of accounting are retained. The recorded assets and liabilities of the

constituents are carried forward to the combined corporation at their recorded amounts. Income of the combined corporation includes income of the constituents for the entire fiscal period in which the combination occurs. The reported income of the constituents for prior periods is combined and restated as income of the combined corporation. This method of accounting is applied only to business combinations effected by an exchange of stock and not those involving primarily cash, other assets, or liabilities.

## 22. PURCHASE METHOD OF ACCOUNTING

REFERENCE	DESCRIPTION
<p>OPINION NO.16 ON BUSINESS COMBINATIONS, ACCOUNTING PRINCIPLES BOARD, AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, 1970.</p>	<p><b>PURCHASE METHOD OF ACCOUNTING.</b> This method accounts for a business combination as the acquisition of one company by another. The acquiring corporation records as their cost the acquired assets less liabilities assumed. The difference between the cost of an acquired company and the sum of the fair values of tangible and identifiable intangible assets less liabilities is recorded as goodwill. The reported income of an acquiring corporation includes the operations of the acquired company after acquisition, based on the cost to the acquiring corporation.</p>

## 23. REMAINING ECONOMIC LIFE

REFERENCE	DESCRIPTION
<p>ASSESSMENT OF PERSONAL PROPERTY, International Association of Assessing Officers, 130 E. Randolph St., Suite 850, Chicago, Il 60601, 1996, p. A-5.</p>	<p><b>REMAINING ECONOMIC LIFE (REL).</b> The number of years in the future over which the operation of an asset is anticipated to be economically feasible, often expressed as a percentage of the total economic life (REL%).</p>

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 660.

**REMAINING ECONOMIC LIFE.** The number of years remaining in the economic life of a building or other improvement as of the date of the appraisal. This period is influenced by the attitudes of market participants and by market reactions to competitive properties on the market.

THE DICTIONARY OF  
OF REAL ESTATE  
APPRAISAL, Third  
Edition, Appraisal  
Institute, 1993,  
p. 301.

**REMAINING ECONOMIC LIFE.** The estimated period during which improvements will continue to contribute to property value; an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal.

## 24. REPLACEMENT COST

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-5.

**REPLACEMENT COST.** The amount necessary in current dollars to replace an asset with one of equal utility.

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 660.

**REPLACEMENT COST.** The cost, including material, labor, and overhead, that would be incurred in constructing an improvement having the same utility to its owner as the improvement in question, without necessarily reproducing exactly any particular characteristic of the property.

BLACK'S LAW  
DICTIONARY,  
6th Edition,  
West Publishing  
Co., 1990, p. 1299.

**REPLACEMENT COST.** The present cost of replacing the improvement with one having the same utility. State Highway Commission v. Demarest, 263 Or. 590, 503 P. 2d 682, 690. Cost of replacing lost, stolen or destroyed property to its former use and value.

THE DICTIONARY  
OF REAL ESTATE  
APPRAISAL, Third  
Edition, Appraisal  
Institute, 1993,  
p. 303.

**REPLACEMENT COST.** The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

## 25. REPLACEMENT COST NEW

### REFERENCE

### DESCRIPTION

INTRODUCTION TO  
MACHINERY & TECHNICAL  
SPECIALTIES VALUATION,  
Principles of  
Valuation, MTS201,  
American Society  
of Appraisers, 1991,  
p. A-1.

**REPLACEMENT COST NEW (RCN).** The current cost of a similar new property having the nearest equivalent utility as the property being appraised.

## 26. REPRODUCTION COST

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il, 60601, 1996, p. A-5.

**REPRODUCTION COST.** The amount necessary in current dollars to replace an asset with exactly the same characteristics.

PROPERTY APPRAISAL  
AND ASSESSMENT  
ADMINISTRATION,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1990, p. 661.

**REPRODUCTION COST.** The cost, including material, labor, and overhead, that would be incurred in constructing an improvement having exactly the same characteristics as the improvement in question.

## 27. REPRODUCTION COST NEW

REFERENCE	DESCRIPTION
INTRODUCTION TO MACHINERY & TECHNICAL SPECIALTIES VALUATION, Principles of Valuation, MTS201, American Society of Appraisers, 1991, p. A-1.	<b>REPRODUCTION COST NEW.</b> The cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials.

## 28. SALVAGE VALUE

REFERENCE	DESCRIPTION
INTRODUCTION TO MACHINERY & TECHNICAL SPECIALTIES VALUATION, Principles of Valuation, MTS201, American Society of Appraisers, 1991, p. A-3.	<b>SALVAGE VALUE.</b> The amount expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for use elsewhere. Salvage value can be distinguished from <b>scrap value</b> which is the amount expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use.

## 29. SITUS

REFERENCE	DESCRIPTION
SECTION 192.032 (2), (3), AND (4), FLORIDA STATUTES	<b>SITUS.</b> (2) All tangible personal property which is not immune under the state or federal constitutions from ad valorem taxation, in that county and taxing jurisdiction in which it is physically present on January 1 of each year unless such property has been physically present in another county of this state at any time during the preceding 12-month period, in which case the provisions of subsection (3) apply. Additionally, tangible personal property brought into the state after January 1 and before April 1 of any year shall be taxable for that year if the property appraiser has reason to believe that such property will be removed from the state prior to January 1 of the next succeeding year. However, tangible personal property physically present in the

state on or after January 1 for temporary purposes only, which property is in the state for 30 days or less, shall not be subject to assessment. This subsection does not apply to goods in transit, as described in subsection (4) or supersede the provisions of s. 193.085(4).

(3) If more than one county of this state assesses the same tangible personal property in the same assessment year, resolution of such multicounty dispute shall be governed by the following provisions:

(a) Tangible personal property which was physically present in one county of this state on January 1, but present in another county of this state at any time during the preceding year, shall be assessed in the county and taxing jurisdiction where it was habitually located or typically present. All tangible personal property which is removed from one county in this state to another county after January 1 of any year shall be subject to taxation for that year in the county where located on January 1; except that this subsection does not apply to tangible personal property located in a county on January 1 on a temporary or transitory basis if such property is included in the tax return being filed in the county in this state where such tangible personal property is habitually located or typically present.

(b) For purposes of this subsection, an item of tangible personal property is "habitually located or typically present" in the county where it is generally kept for use or storage or where it is consistently returned for use or storage. For purposes of this subsection, an item of tangible personal property is located in a county on a "temporary or transitory basis" if it is located in that county for a short duration or limited utilization with an intention to remove it to another county where it is usually used or stored.

(4)(a) Personal property manufactured or produced outside this state and brought into this state only for transshipment out of the United States, or manufactured or produced outside the United States and brought into this state for transshipment out of this state, for sale in the ordinary course of trade or business is considered goods-in-transit and shall not be deemed to have acquired a taxable situs within a county even though the property is temporarily halted or stored within the state.

(b) The term "goods-in-transit" implies that the personal property manufactured or produced outside this state and brought into this state has not been diverted to domestic use and has not reached its final destination, which may be evidenced by the fact that the individual unit packaging device utilized in the shipping of the specific personal property has not been opened except for inspection, storage, or other process utilized in the transportation of the personal property.

(c) Personal property transshipped into this state and subjected in this state to a subsequent manufacturing process or used in this state in the production of other personal property is not goods-in-transit. Breaking in bulk, labeling, packaging, relabeling, or repacking of such property solely for its inspection, storage, or transportation to its final destination outside the state shall not be considered to be a manufacturing process or the production of other personal property within the meaning of this subsection. However, such storage shall not exceed 180 days.

[The actual location of a property for purposes of taxation.]



### 30. SUPPLIES

REFERENCE	DESCRIPTION
STANDARD ON VALUATION OF PERSONAL PROPERTY, International Association of Assessing Officers, 1996, p. 4.	<b>SUPPLIES.</b> Stocks of goods intended to be consumed during the production process but are not part of the raw materials inventory that is processed into the finished product. Examples of supplies include chemicals, clothing, pallets, paper, shipping materials, fuels, and repair parts. Unlike inventory, supplies are not held for resale. Supplies should be valued at their acquisition cost.
Commentary provided by Florida Chapter of International Association of Assessing Officers, Tangible Personal Property Steering Committee, 1996.	<b>SUPPLIES.</b> Common types of property that may be misclassified and unreported by taxpayers. They render a service to the business but are not embodied in the final product. They include, but are not limited to: office and professional supplies, wrapping materials, replacement and repair parts, clothing, lubricating oils, mail & shipping supplies, selling and advertising supplies, janitorial & cleaning supplies, chemicals, pallets, fuel and other consumable items. Under section 192.001(11)(c), F.S., supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business.

### 31. TANGIBLE PERSONAL PROPERTY

REFERENCE	DESCRIPTION
SECTION 192.001 (11)(d), FLORIDA STATUTES	<b>TANGIBLE PERSONAL PROPERTY.</b> Means all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in s. 1(b), Art. VII of the State Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself. "Construction work in progress" consists of those items of tangible personal property commonly known as fixtures, machinery, and equipment when

in the process of being installed in new or expanded improvements to real property and whose value is materially enhanced upon connection or use with a preexisting, taxable, operational system or facility. Construction work in progress shall be deemed substantially completed when connected with the preexisting, taxable, operational system or facility. Inventory and household goods are expressly excluded from this definition.

## 32. TRADE FIXTURES

### REFERENCE

### DESCRIPTION

ASSESSMENT OF  
PERSONAL PROPERTY,  
International  
Association of  
Assessing Officers,  
130 E. Randolph St.,  
Suite 850, Chicago,  
Il 60601, 1996, p. A-6.

**TRADE FIXTURES.** Property attached to a rented space or building by a tenant, used in conducting a business and owned by the tenant.

BLACK'S LAW  
DICTIONARY,  
6th Edition,  
West Publishing  
Co., 1990, 1493.

**TRADE FIXTURES.** Personal property used by tenants in carrying on business. Such fixtures retain the character of personal property; e.g. shelves used to display merchandise.

THE APPRAISAL  
OF REAL ESTATE,  
10th Edition,  
Appraisal Institute,  
1992, p. 8-9.

A trade fixture, also called a chattel fixture, is an article that is owned and attached to a rented space or building by a tenant and used in conducting a business. Thus, trade fixtures are not real estate endowed with the rights of real property ownership; they are personal property regardless of how they are affixed. Some examples of trade fixtures are restaurant booths and bars, gasoline station pumps and storage tanks, and body building equipment in a health club. In industrial real estate, the term can be used to refer to fixed building equipment installed for human comfort (e.g., plumbing, lighting, heating, air-conditioning) and to industrial equipment (e.g., air hoses, water pipelines, craneways, bus ducts). A trade fixture is to be removed by the tenant when the lease expires unless this

right has been surrendered in the lease. To decide whether an item is a trade fixture, and therefore personal property, or part of the real estate, courts use the following criteria: 1. The manner in which the item is affixed. Generally, an item is considered personal property if it can be removed without serious injury to the real estate or to itself. There are exceptions to this rule. 2. The character of the item and its adaptation to the real estate. Items that are specifically constructed for use in a particular building or installed to carry out the purpose for which the building was erected are generally considered permanent parts of the building. 3. The intention of the party who attached the item. Frequently, the terms of the lease reveal whether the item is permanent or to be removed at some future time.

### 33. UNIT METHOD OF VALUATION

REFERENCE	DESCRIPTION
	[See discussion of Unit Method on page 44.]

### 34. VALUE

REFERENCE	DESCRIPTION
ASSESSMENT OF PERSONAL PROPERTY, International Association of Assessing Officers, 130 E. Randolph St., Suite 850, Chicago, Il 60601, 1996, p. A-6.	<b>VALUE.</b> The relationship between an object desired and a potential owner, the characteristics of scarcity, utility, desirability, and transferability must be present for value to exist. Value may also be described as the present worth of future benefits arising from the ownership of real or personal property.
BLACK'S LAW DICTIONARY, 6th Edition, West Publishing Co., 1990, p. 1551.	<b>VALUE.</b> The utility of an object in satisfying, directly or indirectly, the needs or desires of human beings, called by economist "value in use," or its worth consisting in the power of purchasing other objects, called "value in exchange."

### 35. VALUE IN EXCHANGE

REFERENCE	DESCRIPTION
ASSESSMENT OF PERSONAL PROPERTY, International Association of Assessing Officers, 130 E. Randolph St., Suite 850, Chicago, Il 60601, 1996, p. A-7.	<b>VALUE IN EXCHANGE.</b> The amount an informed purchaser would offer in exchange for property under given market conditions. The concept that states value is based on the ability of property to command another asset, such as money, in trade.

#### IV. PROPERTY SUBJECT TO TAXATION

Section 192.011, F.S., states in part that "The property appraiser shall assess all property located within the county, except inventory..." Tangible personal property is specifically defined in section 192.001(11)(d), F.S., and is hereby incorporated by reference. Note: See section 193.621, F.S. and chapter 62-8, F.A.C., for special rules concerning assessment of pollution control devices.

#### V. EXEMPTIONS AND EXCLUSIONS

Chapter 192, F.S., excludes certain items from taxation, while chapter 196, F.S., exempts certain items from the tax imposed on tangible personal property. Excluded property is not subject to tax return filing requirements. Exempt property is not subject to payment of taxes but may be subject to all the return filing requirements of property subject to ad valorem tax. A current listing of some of the excluded and exempted properties in accordance with the above referenced statutes follows:

1. Real and personal property of the United States, state, and counties, under section 196.199, F.S. (Exempt or immune) (No filing by federal entity required.)
2. Real and personal property of a municipality used exclusively by it for municipal or public purposes, under section 3(a), Article VII, Florida Constitution and section 196.199, F.S. (Exempt)
3. Real and personal property devoted exclusively to religious, charitable, scientific or literary purposes qualifying under section 196.196, F.S. (Exempt)
4. Household goods and personal effects in homestead property as provided by sections 196.181 and 192.001(11)(a), F.S. The Florida Supreme Court in *Colding v. Herzog*, 467 So. 2d 980 (Fla. 1985), determined that household goods in non-homesteaded property, owned and used by natural persons, are not subject to tax. However, goods used as furnishings in rented or leased property are subject to tax. (Exempt) (No filing requirement.)
5. Renewable energy sources, qualifying under section 196.175, F.S. (Exempt)

6. Real and tangible personal property of hospitals, nursing homes and homes for special services qualifying under section 196.197, F.S. (Exempt).
7. Real and tangible personal property of non-profit homes for the aged qualifying under section 196.1975, F.S. (Exempt).
8. Real and tangible personal property of educational institutions qualifying under section 196.198, F.S. (Exempt)
9. Real and tangible personal property of community centers qualifying under section 196.1986, F.S. (Exempt)
10. Certain property in economic development areas of enterprise zones qualifying and granted exemption by local government under section 196.1995, F.S. (Exempt)
11. Real and tangible personal property of certain not-for-profit sewer and water companies qualifying under section 196.2001, F.S. (Exempt)
12. Inventory qualifying under section 196.185, F.S. (Exempt) (No filing requirement.)
13. Licensed motor vehicles and vessels used to transport persons or property over roads or waterways, including items appropriate and necessary to perform the transportation function for which the vehicle or vessel is designed or equipped. Motor vehicles and vessels employed primarily as a "work platform" for equipment and in certain other uses are not exempt. See Article VII Section 1(b) of the Florida Constitution and *Crane Rental v. Hausman*, 532 So. 2d 1057 (Fla. 1988) (Excluded) (No filing requirement.)
14. Mobile homes and recreational vehicles properly licensed as provided in section 320.08(11), F.S., and as provided under section 193.075, F.S. Mobile homes without current decals or license plates properly displayed and visible shall be presumed to be tangible personal property. [Section 193.075, F.S.]

When the mobile home is tied down and hooked up to the normal and usual utilities, it is considered to be permanently affixed to the land. When the owner of the mobile home is also the owner of the land to which the mobile home is permanently affixed, the mobile home is considered and assessed as real property .

Mobile homes and travel trailers located in the state for at least six (6) consecutive months are not exempt from the

requirements for Florida registration and display of current decals or license plate. [Section 320.37, F.S.]

To obtain exemption classification, an application (Form DR-501, Department of Revenue, r. 7/95, and as subsequently amended) must be made and a return (Form DR-504, Department of Revenue, r. 6/88, and as subsequently amended, or Form DR-504S, Department of Revenue, r. 12/93, and as subsequently amended) must be filed; exemptions are not automatic. Tangible personal property is exempt only to the extent that its use meets requirements set forth in chapter 196, F.S. Please note the provision relating to taxpayer responsibilities contained in section 196.021, F.S.

## **VI. DISCOVERY**

- A. The efficiency and equity of the personal property taxing system is directly related to an effective discovery program. Basic sources for the discovery of personal property and ownership are as follows:
1. Previous assessment records;
  2. Physical inspections;
  3. Tangible personal property tax returns (Form DR-405 r. 7/93, and as subsequently amended or approved substitute, see Attachment F and page 44);
  4. Real property field appraiser reports and records;
  5. Audits;
  6. State and local sales tax permits;
  7. State, city, and county business licenses;
  8. Chamber of commerce membership;
  9. New business listings from news media;
  10. Public records (e.g., trade name records, chattel mortgage records, corporation charters, financing statements, and fictitious name notices);
  11. Property transfer documents;
  12. Classified advertisements;

13. Telephone directories;
  14. City directories;
  15. Accounting records;
  16. Tax returns - federal and state;
  17. State agencies; and
  18. Canvassing (commercial address listing).
- B. A tangible personal property tax return along with the previous year's assessment record is typically the primary source of discovery. When this is insufficient or unavailable, other sources should be used. Sources such as financial statements, physical inspection, accounting records, federal tax returns, etc., also help to verify whether a property is listed on the tangible personal property tax return.
- C. Once the property has been discovered and the owner identified, the appraiser should systematically inspect the property and establish an account or record for the owner or business. The appraiser should speak to the owner or manager of the property, explain the purpose of the visit, and obtain the necessary data from the appropriate person(s).
- D. Information that should be obtained in detail includes the following:
1. Name (doing business as or also known as);
  2. Type of business;
  3. Type of ownership;
  4. Situs of the personal property and mailing address of the business;
  5. Name and address of the owner(s);
  6. Telephone number of the business;
  7. Name and title of the person supplying the information;
  8. Name, address, and telephone number of the party keeping records for the business;



9. Beginning date for the business and business fiscal year;
10. A listing of tangible personal property belonging to the owner including description, manufacturer, model number, age and general condition;
11. For leased equipment: the name and address of the owner/lessor, a description of the equipment including name of manufacturer, date of manufacture, model number, serial number, list price, and original cost if available, [lease number, terms of the lease and whether it's a capital lease (a purchase) or operating lease (rental agreement). If possible, a copy of the lease agreement should be obtained];
12. Leasehold improvements may be assessed as real property. Care should be taken to avoid double assessment. A copy of the lease agreement should be obtained to determine whether the improvement should be assessed as real estate or personal property;
13. For loaned or consigned items (e.g. vending and amusement machines and jukeboxes, etc.): the name and address of the owner(s), a brief description of the equipment including name of manufacturer, date of manufacture, model number, serial number, list price, and cost if available;
14. A list of tangible personal property owned by the business but located at another site within the county, including a detailed description and the location.

## **VII. STEPS IN THE INITIAL VALUATION PROCESS**

Procedures should be used by the county property appraisers and their appraisal staffs to insure equity and uniformity when valuing the many types of tangible personal property. These guidelines were prepared in an effort to simplify the complex problems encountered when appraising tangible personal property.

- A. Identify the tangible personal property using discovery techniques as described in Section VI, of this manual.
  1. Begin with the preparation of a worksheet. (See sample property worksheet, Attachment E)

2. Perform a field review to verify the business exists, to determine use codes (See Rule 12D-8.009, F.A.C.) and length of time the business has operated within the county, and to determine the date assets were brought into your county.
  3. Mail tangible personal property tax returns to taxpayers. The forms will contain instructions on completion requirements and filing deadlines.
  4. A second notice is recommended for all accounts failing to respond by the due date (April 1). This mailing should be completed as soon as practicable after April 2nd.
  5. Penalties should be assessed, when applicable, in accordance with sections 193.062 and 193.072, F.S.
- B. Upon receiving a tangible personal property tax return from the taxpayer, calculate the just value.
1. Review the tangible personal property tax return for completeness and resolve any discrepancies with the property owner or their agent, if possible. Use information on and/or attached to the return to calculate the personal property's just value.

Examples:

- a. For an established account, compare the current and prior year tax returns to insure that property has not been deleted without justification or replaced with other property. You may also want to compare the return with the returns of other similar businesses. Contact the property owner when there are questions and discrepancies.
  - b. For a new account, compare the tax return with other returns filed by similar businesses and other discovery sources, such as equipment list(s) obtained during initial discovery. Contact the property owner to clarify questions and discrepancies.
2. If applicable, use the "back-assessment" provisions contained within section 193.092, F.S.
  3. When no tax return is filed for a newly discovered taxpayer (business) and it has been determined that equipment was in place on the lien date (January 1), the value should be determined using the best information available. This information might be

obtained by a field inspection, the use of cost manuals, a review of comparable businesses, or any other appropriate procedures. Values are determined on the best information available when no return is filed and are considered *prima facie* correct. [Sections 193.073 and 195.032, F.S. and Rules 12D-8.005(1) and 12D-10.003(3), F.A.C.]

- C. Make assessments based on the just value as determined in Section B above.
- D. Notification of assessment to the taxpayer is required by section 194.011, F.S. Taxpayers may request informal conferences with the property appraiser prior to administrative or judicial review in order to resolve any objections to just value.

#### **VIII. COMPONENTS USED IN THE VALUATION PROCESS**

##### **A. Appreciated Property**

Some tangible personal property may not suffer any depreciation and could actually appreciate in value (e.g., objects of art).

##### **B. Depreciation**

As with all appraisals, depreciation based on effective age, not actual age, is critical to the final estimate of value. To achieve statewide standardization of procedures, all appraisers in Florida should use the appropriate Equipment Index Factors Table (Equipment Index Table, Department of Revenue, 1997, and as subsequently amended, see Attachment B) and Untrended Depreciation Schedule (Untrended Depreciation Schedule, Department of Revenue, 1997, and as subsequently amended, see Attachment C) or comparable tables which ensure equity in just values.

The property appraiser should make additional adjustments for unusual physical depreciation of property, when justified. Some of the conditions for which adjustments may be necessary are: unusual exposure to the elements; prolonged exposure to corrosive materials; poor maintenance of the property; the competency of the operator; and excessive or unusual use. Such adjustments should be made on an individual basis and only after physical inspection of the equipment and examination of maintenance records.

##### **C. Economic Life and Useful or Physical Life**

The physical life of tangible personal property is the period extending from the time a piece of equipment or other personal

property is new until it is physically no longer usable. The economic life of tangible personal property is the estimated period of time measured from the date the item is new until it loses its capacity to produce a yield greater than its maintenance expense. Physical life may be greater than, or equal to, the economic life of a specific item. In the absence of economic and functional obsolescence, economic and physical life may be identical.

The appraiser should estimate a reasonable economic life for each type of property by item or determine the aggregate economic life for a category of similar equipment as a whole.

The Life Expectancy Guidelines (Life Expectancy Guidelines, Department of Revenue, 1997, and as subsequently amended, see Attachment D) may be used for this purpose. Note: These economic life guidelines are subject to revision as verifiable and authoritative information becomes available.

#### **D. Historical or Original Cost (Acquisition Cost)**

The costs as shown in accounting records generally reflect the amount paid for an asset. The property may have been acquired by cash purchase, by contract on a deferred payment plan, by exchange or trade, by issuance of securities or other property, by self-construction, by gift or discovery, or by other means.

Accounting records are generally based on the price established at the time the property was acquired. The terms "historical cost" and "original cost" are typically used for this cost basis for accounting purposes. (These terms may not be synonymous for appraisal purposes. See definitions.) The cost of assets, as recorded on the books and records, seldom departs from the purchase price or rarely reflects an appreciated value of the assets. Some exceptions to this are:

- (1) Statement of Financial Accounting Standards No. 121- This statement provides for the writeoff of long-lived assets in the event that the carrying amount of the asset may not be recoverable. This statement generally requires that long-lived assets be reported at the lower of the carrying amount or fair value less cost to sell.
- (2) Under APB16 (Accounting Principles Board Opinion 16) and Section B50 (Current Text of Volume I, General Standards - Section B50) published by the FASB (Financial Accounting Standards Board), a business combination such as a merger or acquisition, can be recorded as either a "purchase" or a "pooling of interests". (See definitions on pages 18 and 19.)

Under the "purchase method", the total price paid for the business is allocated to the acquired assets less

liabilities assumed based on the fair market value of the assets and liabilities. Any excess is recorded as goodwill. Care should be taken to ensure that the assets are actually recorded at their fair market value. Both the buyer and the seller have a vested interest in how the price is allocated to the assets.

The buyer and the seller will usually have adverse opinions as to how the price is allocated to the assets. The buyer wants as much of the price allocated to the depreciable assets so as to obtain depreciation writeoffs, whereas the seller is concerned about the gain/loss to be reported on the assets. Accountants and CPAs will also allocate the price according to the assets' book values. They will assume that the book values approximate fair market values.

If the price paid for the business is lower than the fair market value of the assets, the noncurrent assets, except for long-term investments, receive a lower allocation than their fair market value and could actually be recorded at a zero cost.

Under the "pooling of interests method", the recorded assets and liabilities of the separate enterprises generally become the recorded assets and liabilities of the combined enterprise. The combined enterprise combines and records the historical cost-based amounts of the assets and liabilities of the separate enterprises.

- (3) Section 179 of the Internal Revenue Code allows taxpayers the election to expense certain tangible property used in a trade or business. This is commonly referred to as "Section 179". This election enables the taxpayer to expense an asset in the year of purchase, rather than depreciating that asset over its depreciable life. These assets may not be shown on the depreciation schedule, similar to fully depreciated assets. Also, some taxpayers may delete the expensed assets, as well as fully depreciated assets from their books and records, even though these assets are still in use and may have value.
- (4) Investment credits consist of the reforestation credit, the rehabilitation credit, and the energy credit. The taxpayer generally reduces the depreciable basis of assets to reflect the investment credit taken, consequently, the asset's full cost is not reflected on the company's federal tax depreciation schedule. (See Federal Form 3468 of the Internal Revenue Code for more information.)
- (5) Fully depreciated assets are assets that have been fully depreciated by the business. Their book value (cost less accumulated depreciation) equals zero once fully depreciated. These assets might not be shown on a

company's depreciation schedule nor books and records once fully depreciated, even though the assets are still in use.

A determination of costs must be made after review of the accounting records. This cost basis should reflect the total cash outlay necessary for the acquisition of the property, including the invoice cost, freight and installation cost, sales and/or use tax, extra foundations necessary to support the equipment, and any other costs incurred for the use of the property. The appraiser must then determine if the cost basis represents market value at the time of acquisition. This may or may not be the purchase price. On occasion, particularly with asset transfers, prior book values are reported as acquisition costs and such book values are not indicative of market value and should not be used.

The historical or original cost may be the only reliable source data available for the appraisal of tangible personal property. The source data may reflect historical costs for new (original costs for used) property according to the date of acquisition. The appraiser may have to adjust the cost basis, listed in accounting records, to reflect current value at the time of acquisition. Note: It may be necessary to adjust historical costs to the trade level (i.e., manufactured cost to retail cost). A typical example is the case of a leasing company which manufactures the equipment it leases.

NOTE: If a business sells, and the reported costs of assets by the new owner vary from the costs of the same assets as reported by the previous owner, the property appraiser should use the costs, either historical or original, most indicative of market value. If it is determined that the original (used) costs are more indicative of market value, care should be taken to recognize the assets' effective ages at the time of the purchase to avoid allowing excessive depreciation.

#### **E. Just Valuation**

According to section 193.011, F.S., in arriving at just valuation as required under s. 4, Art. VII of the Florida Constitution, the property appraiser shall take into consideration the following factors:

- (1) The present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm's length;
- (2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking into consideration any applicable judicial limitation or local or state land use

regulation and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium;

- (3) The location of said property;
- (4) The quantity or size of the property;
- (5) The cost of said property and the present replacement value of any improvements thereon;
- (6) The condition of said property;
- (7) The income from said property; and
- (8) The net proceeds of the sale of the property, as received by the seller, after deduction of all of the usual and reasonable fees and costs of the sale, including the costs and expenses of financing, and allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property.

In considering the above factors, the property appraiser should consider for use at least one of the following approaches to value as may be appropriate for the property being valued. Where reliable information is available for use of more than one of the approaches to value, the property appraiser should determine the value of the subject property after consideration of all such approaches.

- (1) The **Comparable Sales Approach** involves consideration of the price or prices at which the property or comparable properties have recently sold.

When utilizing the comparable sales approach, the appraiser must consider all factors the buyers and sellers of similar equipment consider. These factors will be reflected in the "market place" and will be indicated by the asking and/or

the selling price of similar units in arm's length transactions. Consideration should be given as to where the property is located, thereby ascertaining which freight and installation costs should be included in the appraisal. Adjustment of sales prices may be required to account for any special conditions, such as forced sales, lease cancellations, value attributed to trade names, goodwill, etc. Market data relating to personal property may be obtained from:

- \* Leasing companies
- \* Commercial bankers
- \* New and used equipment dealers
- \* Trade and sales journals
- \* Newspaper advertisements
- \* Auction sales.

(2) The **Cost Approach** to value involves consideration of:

(A) The reproduction or replacement cost is the cost of replacing reproducible property with new property of similar utility, or of reproducing the property at its present site and at present price level, less the extent to which the value has been reduced by deterioration and obsolescence.

(B) The historical or original cost is sometimes used as a starting point to the calculation of value. An appropriate appraisal depreciation rate reflecting economic, physical, and functional obsolescence must be determined and applied, as well as an appropriate trending factor to capture price changes from date of acquisition. (This approach may not apply to all assets. See Section G, Replacement Cost New Less Depreciation Calculation.)

(C) The appraiser should consider the cost of any asset at the appropriate level of trade-the manufacturing level, the wholesale level, and the retail level- and value the property according to the trade level for which it is utilized. Property normally increases in value as it progresses from the manufacturers' level (the lowest market value) to the retail level of trade (the highest level of trade). At each level a value is added to calculate a selling price which recovers for the current owner all direct costs to manufacture and install and indirect costs of overhead and profit. For example, the trade level concept must be considered when a manufacturer, who is operating at more than one trade level, transfers property to a subsidiary without the normal profit and costs. In order to maintain equity and uniformity in assessments of comparable property, the asset should be valued at a cost had the asset been acquired in an arm's length transaction from an outside supplier.



- (3) The **Income Approach** to value involves consideration of the amount that investors (in a free market) would be willing to pay for the right to receive the income that the property is expected to yield with the risks attendant upon its receipt.

#### **F. Obsolescence**

Obsolescence should be considered when appraising any type of property. It may be defined as a reduction in value due to technological changes or innovation, changes in demand for a product, or other causes.

When the loss in value is due to technological change or innovation, it is usually referred to as functional obsolescence. It can be recognized by a lack of utility in the property, the location of the property, or inadequate capacity in use. Functional obsolescence can sometimes be overcome by remodeling or reconditioning.

When the loss in value is due to change in product, demand, or location, it is customarily referred to as economic obsolescence. This type of obsolescence is brought about by external factors and cannot be overcome.

Obsolescence of personal property is not too difficult to recognize, but it is difficult to accurately measure. Adequate market data to measure obsolescence cannot always be found for all types of personal property.

The appraiser should look to the market for any evidence of a change in value when formulating an estimate of the market value using the cost approach. The appraiser should always consider what an informed purchaser would be willing to pay for the property as an installed operating unit when employed at its highest and best use. When valuing individual pieces of personal property using replacement cost new less depreciation, the residual percent good may be adjusted, if, in the appraiser's judgement, it is necessary to account for obsolescence.

#### **G. Replacement Cost New Less Depreciation Calculation**

The costs provided by the taxpayer to the property appraiser are generally accounting (historical or original) costs. These costs are adjusted to replacement cost new (RCN) by the use of equipment index factors. The equipment index factors include adjustments to base year prices and reflect the direction of cost movements. These equipment index factors are listed by year and reflect the national average of industrial, commercial, and manufacturing business costs.

The equipment index factors are compiled by the Department annually and are based on cost indexes as published by Marshall Valuation Service and Summary Data from the Producer Price Index News Release, as issued by the U.S. Department of Labor, Bureau of Labor Statistics. Typical industry costs are weighted with general business activity and status of the economy to derive cost indexes. These cost indexes are used by the Department to compile the Equipment Index Factors Table (Equipment Index Factors Table, Department of Revenue, 1997, and as subsequently amended, see Attachment B). See attachment for the factors used in the following example.

The following formula is used by the Department to derive the equipment index factors: [For further discussion, see section 98 from Marshall Valuation Service.]

$$\text{Equipment Index Factor} = \frac{\text{Present Cost Index}}{\text{Former Cost Index}}$$

Steps in determining replacement cost new (RCN) are as follows:

1. Estimate the appropriate cost basis from the taxpayer's books, records or returns filed with the property appraiser. If these records do not indicate a cost basis that is representative of market value then further research is necessary. The cost basis used in this analysis must be representative of market value at the time of acquisition. The cost basis should be multiplied by a factor based on the year of acquisition. (See page 36 for further discussion on "cost basis.")
2. Select the appropriate factor from the current year's schedule of Equipment Index Factors Table (Equipment Index Factors Table, Department of Revenue, 1997, and as subsequently amended, see Attachment B for 1997 example) based on the acquisition date, and type of business. (Note: The average of all industry index factors may be used.)
3. Multiply the cost basis by the equipment index factor.

The resulting calculation is an estimate of replacement cost new.

The following is an example of estimating replacement cost new (RCN) of office equipment purchased in 1990 with a 10-year economic life using the 1997 equipment index factors.

Cost Basis	= \$10,000
Acquisition Date	= 1990
7/97 Office Equipment Index Factor	= 1.11
Cost \$10,000 x 1.11	= \$11,100 (RCN)

Replacement Cost New (RCN) should be adjusted to reflect depreciation and establish Replacement Cost New Less Depreciation (RCNLD). Depreciation is estimated by use of a remaining value or untrended depreciation schedule. Normal depreciation allows for the decline of a property's value over its estimated remaining economic life. The appraiser must consider factors such as time, maintenance, repairs and replacement costs when estimating the appraisal depreciation for an item of personal property. The use of the property has an effect on the remaining economic life (percent good) and the current market value. Depreciation rates are based on an average condition for the age of the item.

The following example demonstrates an application of the Untrended Depreciation Schedule (Untrended Depreciation Schedule, Department of Revenue, 1997, and as subsequently amended, see Attachment C). To use this table, (1) determine the economic life in years of the property, (2) determine the effective age, and (3) use the appropriate untrended depreciation factor.

Replacement Cost New (RCN)	=	\$11,100
Economic life	=	10 years
Age of property	=	7 years
Untrended Depreciation Factor	=	39%

The replacement cost new (RCN) multiplied by the untrended depreciation factor provides an estimate of replacement cost new less depreciation (RCNLD) or an estimate of just value.

$$\$11,100 \times 39\% = \$4,329 \text{ (RCNLD or just value estimate)}$$

NOTES:

1. Under the concept of mass appraisal, indexing or trending tables are typically applied only over the item's economic life, after which no additional trending is appropriate.
2. Trending of historical costs may not be appropriate when assets' costs are decreasing due to emerging technologies.
3. Under the concept of mass appraisal, depreciation is typically applied only over the item's economic life.

**H. Salvage/Scrap Value**

The appraiser will occasionally encounter property which is worn out or no longer used but still in the possession of a business. Although this property may or may not remain on the books and records, it still has value which must be considered when valuing the business's tangible personal property. This value is typically referred to as scrap or salvage value (See definition on page 22) and should be determined on a case by case basis,

considering all the facts and circumstances presented.

**I. Tangible Personal Property Tax Returns**

It is recommended that the property appraiser's office mail a tangible personal property return form (Form DR-405, DOR, r. 7/93, and as subsequently amended, see Attachment F) or an approved substitute to all accounts on file as of January 1 of each year. Although Florida Statutes only require that the forms be made available in the property appraiser's office, this service will enhance voluntary compliance and improve public perception of the property appraiser. Information obtained from the tangible personal property tax returns will be used to assist the appraiser in arriving at the just value of all tangible personal property. The property appraiser may notify any taxpayer not filing a return by April 1 of each year that he has failed to file a tangible personal property tax return as required by section 193.062, F.S. Inspections of businesses for discovery of tangible personal property and on-site verifications shall be made when no tax return has been filed for two consecutive years as set forth in the Florida Administrative Code, Rule 12D-8.005(7).

**J. Unit Method**

The unit method of valuation is an appraising method used to value an entire group of operating properties. A unit may be properly valued by the cost, market, or income approaches, as appropriate. This valuation method includes the value resulting from the combination of assets used in the operation of the business. The use of such a valuation method may result in a value that includes intangible personal property, tangible personal property, and real property. The type of property included in the value resulting from the use of the unit method of valuation depends on the type of business and property to which it is applied. The items of property included in a unit value and the appropriateness of their inclusion for purposes of taxation must be determined by the facts and circumstances involved in specific applications of this method of valuation; non-taxable property should be deducted from the valuation.

**K. Valuation Procedures for Special Properties**

1. **Leased Equipment:** The economic life for a leasing company's equipment will vary, depending on the type of property being leased. The leasing equipment market includes almost every type of equipment now in existence. When valuing leased equipment, the economic life assigned should be similar to that of equipment purchased for ownership and use by a business.

Exceptions may be made for some types of equipment when it can be clearly documented that a greater than normal loss in value is suffered by the equipment being leased.

Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items. [Section 192.001(11)(c), F.S.]

2. **Mobile Home Attachments:** Attachments to mobile homes and recreational vehicle type units that have not been assessed as real property are subject to tax as tangible personal property. Attachments are considered tangible personal property when installed on leased or rented real property. Refer to the Tangible Personal Property Mobile Home Attachment Schedule distributed annually by the Department of Revenue for base rate information. [See Rules 12D-6.001, 12D-6.002, and 12D-6.003, F.A.C.]
3. **Furniture and Fixtures:** Furniture and fixtures should be distinguished from other equipment listed on a tax return and valued using the appropriate economic life. All other equipment on the tax return should be valued using the appropriate asset classification type.
4. **Personal Computers:** Personal computers should be distinguished from other equipment; computer equipment is depreciated using an appropriate economic life. Related equipment includes monitors, printers, scanners, disk drives, cables and other electronic peripherals commonly used as part of a non-production computer system. These items should be given an appropriate economic life. (See Life Expectancy Guidelines, DOR, 1997, and as subsequently amended, Attachment D.)
5. **Pollution Control Devices:** Procedures for assessment of pollution control devices by the property appraisers are contained in Section 193.621, F.S. and Rule 12D-6.005, F.A.C. The Department of Environmental Protection has adopted Chapter 62-8, F.A.C., which provides for the publication of rules for the consideration and guidance to the property appraisers in assisting them in making a determination as to what assessment should be made for ad valorem taxes with respect to pollution control devices. The Return of Pollution Control Devices for Ad Valorem Tax Purposes (Form DR-492, DOR, r. 8/83, and as subsequently amended, see Attachment H) must be timely filed with the property appraiser as set forth in Rule 12D-1.004(1)(b), F.A.C., and qualifying property should be assessed for no greater than its market value as salvage.

## IX. FIELD INSPECTION PROCEDURES

An on-site inspection may be made of each firm, partnership, co-partnership, association, society, corporation, or any other legal entity which owns, holds, controls, or uses personal property whether or not a personal property return is filed. However, on-site inspection/appraisals shall be made of all property owned, held, or used by taxpayers who have not filed a Form DR-405 for two consecutive years. The appraiser may follow additional provisions found in Rule 12D-8.005(7), F.A.C. A field inspection is separate and distinct from the audit process and should be routinely employed during the discovery process, both initially and during updates. All efforts at on-site inspections should be documented to provide an adequate audit trail. This documentation should include:

- A. Business name and location;
- B. Business telephone number;
- C. Mailing address (if different from the business address);
- D. Person contacted (at the business);
- E. Date the business opened;
- F. Date the equipment was delivered;
- G. Millage Code;
- H. Whether entry is refused and if so by whom;
- I. The business's owner, principal officer, or representative;
- J. Information pertaining to leased personal property such as, the name of the owner, a brief description of the property, and verification as to whether the property is assessed to the owner. Leased property should be assessed appropriately;
- K. Appropriate listing and description of personal property with the date of acquisition and cost, if known;
- L. Economic life by item or class of property;
- M. Effective age of the property;
- N. Square footage or area occupied by the personal property;
- O. The business type and the appropriate business class code;
- P. The quality and condition of property;

- Q. An estimate of the just value of the property;
- R. The name of appraiser or reviewer;
- S. The date of appraisal or inspection;
- T. A uniform parcel number where applicable; and
- U. Other comments relative to value conclusions.

For accuracy, the appraiser should compare the property discovered with information reported by the owner.

The appraiser may examine or audit business accounting and financial records as set forth in Section 195.027(3), F.S., and Rule 12D-1.005, F.A.C. Refer to other reliable sources for the conduct of audits.

When a tangible personal property return has not been filed, the appraiser should do the following:

- a. Tour the facility to list all personal property located on site and obtain information necessary to complete the sample property worksheet (Attachment E).
- b. Determine if there is any leased property located at the business. If so, obtain the name of the owner, a brief description of the property, terms, monthly lease payments, cost of equipment, and assess appropriately.
- c. Determine the cost, age and estimated economic life of the personal property. Record other relevant information and note the source.
- d. Record adequate information allowing a reasonable estimate of value to be placed on the personal property when the information is from other than the field inspection. Use appropriate pricing guides, returns from similar businesses, or other sources to develop a value for the property.

**X. GENERAL INFORMATION**

- A. The Department of Revenue will supply tangible personal property returns and TRIM notice forms on request. Each county may have their own tangible personal property returns printed, but any deviations from the Department's standard form must be approved in advance. [Section 195.022, F.S.]
- B. The sample property worksheet (Attachment E) was developed to assist in the valuation process. The worksheet contains

a blank space for account numbers. Account numbers will provide an additional means of identifying ownership of personal property.

- C. The Property Tax Administration Program of the Department of Revenue will provide an update to this manual as necessary. Replacement sheets will be furnished for any changes to written material, Equipment Index Factors Table, Untrended Depreciation Schedule and Life Expectancy Guidelines, as subsequently amended.
- D. The value adjustment board is bound by the same standards as the county property appraiser in determining values and granting exemptions; the Department may review the proceedings and findings of each value adjustment board as part of its in-depth study of the property appraiser's assessment roll. [Section 195.096, F.S.]
- E. These guidelines are to be used in the appraisal of personal property and are not all inclusive. The Department recommends the use of publications and services such as the Marshall & Swift Appraisal Service, Hunnicutt Personal Property Appraisal Guide, and Dataquest Green Guide for specific pieces of equipment not listed in these guidelines. Any other reputable guides or sources of information that assist in determining the market value of personal property may be considered in addition to these guidelines.



**XI. ATTACHMENTS AND OCCURRENCES OF USE IN TEXT**

- A. **REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES** (DOR, 1997, and as subsequently amended), pages 50 through 56
- B. **EQUIPMENT INDEX FACTORS TABLE**, (DOR, 1997, and as subsequently amended), pages 6, 35, 42, 48, and 57
- C. **UNTRENDED DEPRECIATION SCHEDULE** (DOR, 1997, and as subsequently amended), pages 6, 35, 43, 48, and 58
- D. **LIFE EXPECTANCY GUIDELINES** (DOR, 1997, and as subsequently amended), pages 6, 36, 45, 48, 59, and 60
- E. **SAMPLE PROPERTY WORKSHEET**, pages 6, 33, 47, and 61
- F. **TANGIBLE PERSONAL PROPERTY TAX RETURN** (Form DR-405 r. 7/93, and as subsequently amended), pages 5, 6, 31, 32, 34, 44, 62, and 63
- G. **RULE 12D-8.009, F.A.C., ADDITIONAL REQUIREMENTS FOR PREPARATION OF TANGIBLE PERSONAL PROPERTY ASSESSMENT ROLL [Personal Property Class Codes]** (r. 9/30/82, and as subsequently amended), pages 6, 34, and 64
- H. **RETURN OF POLLUTION CONTROL DEVICES FOR AD VALOREM Tax PURPOSES** (Form 492 r. 8/83, and as subsequently amended), pages 6, 29, 45, and 65

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

The use of any questionable unit of machinery, equipment or structure will help determine its classification as real or personal property. If the unit is directly used in a manufacturing process or is a function or extension of such equipment, it is to be considered personal property. If the unit is a land or building improvement, it is to be considered as real estate. **Special facts and circumstances may create exceptions to classifications as recommended.** The following guidelines may be of assistance when classifying property:

Air Conditioning, - window units and package units - Personal Property

Air Conditioning, - special purpose to maintain controlled temperature and humidity - Personal Property

Aluminum pot lines - Personal Property

Anhydrous ammonia tanks and equipment - Personal Property

Animals (show and performing) - Personal Property

Ash handling system, including pit and superstructure (see boilers) - Personal Property

Asphalt mixing plant and equipment (moveable) - Personal Property

Auto-call and telephone system - Personal Property

Bar and equipment (commercial use) - Personal Property

Billboards (wood, concrete or metal) - Personal Property

Bins, permanently affixed for storage - Real Property

Bins, used in manufacturing processes - Personal Property

Boilers, primarily used for manufacturing - Personal Property

Boilers, permanently affixed and primarily used for the building - Real Property

Booths for welding, painting or other specialty uses - Personal Property

Bowling alley lanes - Personal Property

Bucket elevators, open or enclosed (including casing) - Personal Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Buildings - Real Property

Examples:

Structural and other improvements to buildings such as: foundations, walls, floors, roofs, insulation, stairways, permanent partitions, loading and unloading platforms, canopies, areaways, central heating and air conditioning systems, ventilation and sanitation fixtures, installed fire protection equipment (not alarms), lighting, plumbing, drinking water equipment, building elevators, and escalators. Note: Building codes require fire protection elements.

Buildings, specially constructed storage, poultry, or livestock processing buildings (excluding machinery or equipment) - Real Property

Bulkheads - creating additional land area - Real Property

Cable Television Systems - Personal Property

Carpeting (when permanently affixed as the floor finish) - Real Property

Cistern - Real Property

Coal-handling system - See boilers

Cold storage building - Real Property

Cold storage refrigeration equipment - Personal Property

Control booth - Personal Property

Conveyor belt housing, structure or tunnels - Personal Property

Conveyor unit, including belt and drives - Personal Property

Cooling towers, primary use for manufacturing - Personal Property

Crane, mobile - Personal Property

Crane runways including supporting columns, structure, and foundation inside or outside of buildings - Personal Property

Crane runways, bolted to or hung on trusses - Personal Property

Decor Packages - (shopping malls) - Personal Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Dock levers - Personal Property

Drapes - Personal Property

Drying rooms structure - Real Property

Dust catchers - Personal Property

Electric Power Plants - Personal Property

Fence, security (exterior) - Real Property

Fire alarm system - Personal Property

Fire walls, masonry - Real Property

Floors (raised floors), computer room - Personal Property

Foundations for machinery and equipment - Personal Property

Gas lines for equipment or processing - Personal Property

Gasoline tanks - (see tanks)

Gates, security and parking control - Personal Property

Grain bins, portable - Personal Property

Grain drying equipment - Personal Property

Grain elevators (commercial, industrial), storage, workinghouse, headhouse, milling space - Real Property

Grain elevator machinery and equipment (commercial, industrial) including but not limited to legs (inside or outside), conveyors, spouting, hopper scales, man lifts, aeration systems, grain cleaners, grain dryers, mechanical grain dumping equipment, loading and unloading systems, truck scales, all processing machinery and equipment - Personal Property

Gravel Plant, machinery and equipment - Personal Property

Greenhouses, benches and heating system - Personal Property

Hoist pits - (see pits)

Hydraulic Lines - Personal Property

Irrigation equipment - Personal Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Kilns, lumber-drying kiln structure - Real Property

Kilns, concrete block-drying kiln structure - Real Property

Kilns, circular down draft (Beehive) - Real Property

Kilns, heating or drying system - Personal Property

Land Improvement - Real property

Examples:

Retaining walls, piling and mats for general improvement of site, private roads, walks, paved areas, culverts, bridges, viaducts, subways and tunnels, exterior fencing, reservoirs, dikes, dams, ditches, canals and drainage.

Fixed wharves and docks located on a river, lake or tidewater.  
Permanently built bridges and trestles.

Walls forming storage yards and fire protection dikes.

Laundry steam generating equipment - Personal Property

Leased equipment - Personal Property

Lighting, yard lighting - Personal Property

Lighting, service stations (except buildings) - Personal Property

Mixers and mixing houses - Personal Property

Mobile home attachments (shed, carport, a/c, etc.) on rental lot--  
Personal Property

Monorail crane runways - Personal Property

Ore bridge foundation - Real Property

Ovens, processing - Personal Property

Performing Animals - Personal Property

Piping, process piping (above or below ground) - Personal Property

Pits for equipment or processing - Personal Property

Pollution Control Devices - Personal Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Pools, swimming (not portable) - Real Property  
Portable Partition Walls - Personal Property  
Power lines and auxiliary equipment - Personal Property  
Pumps and Motors - Personal Property  
Pump house (including sub-structure)- Real Property  
Racks and shelving (portable or removable) - Personal Property  
Railroad siding (except belonging to railroad) - Real Property  
Ready-mix concrete batch plant and equipment - Personal Property  
Refrigeration equipment (see air conditioning) - Personal Property  
Rental Equipment - Personal Property  
Sanitary sewer system - Personal Property  
Sanitary system, buildings - Real Property  
Satellite dishes (commercial use) - Personal Property  
Scale houses - Real Property  
Septic system (priced with land) - Real Property  
Scales, truck or railroad (including pit) - Personal Property  
Scales, dormant - Personal Property  
Security monitoring systems - Personal Property  
Sewage Treatment Plants - Personal Property  
Sheds or buildings, portable or on skids - Personal Property  
Signs - Personal Property  
Silos (metal) - Personal Property  
Spare parts - Personal Property  
Spray pond piping and equipment - Primary Use Classification  
Sprinkler system (building) - Real Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Stacks, mounted on boilers (see boilers)

Stacks, supported individually and servicing heating boilers - Real Property

Stacks, servicing personal property units or a process -Personal Property

Steam electric generating plant and equipment - Personal Property

Stone crushing plant - equipment - Personal Property

Storage bins, portable - Personal Property

Storage facilities, permanent of masonry or wood - Real Property

Storage vaults, including bank vaults (poured in place) - Real Property

Storage vaults, modular - Personal Property

Storage vault doors, including bank vault doors - Personal Property

Substation building - Real Property

Substation equipment - Personal Property

Supplies - Personal Property

Tanks, bulk storage (large capacity water & fuels) above or below ground - Personal Property

Tanks, welded steel pressure tanks, (propane, butane or natural gas storage) - Personal Property

Tanks, used as part of a manufacturing process - Personal Property

Tanks, fuel tanks at service station - Personal Property

Towers, TV or radio broadcasting - Personal Property

Trade Fixtures - Personal Property

Transformers - Personal Property

Travel trailer attachments (shed, carport, a/c, etc.) on rental lot - Personal Property

Tunnels - Real Property

REAL AND PERSONAL PROPERTY CLASSIFICATION GUIDELINES  
Florida Department of Revenue  
1997, and as subsequently amended.

Tunnels, waste heat or processing - Personal Property

Unit heaters, non-portable - Real Property

Unit heaters, portable - Personal Property

Unloaded runway - Real Property

Ventilating system for building - Real Property

Ventilating system for manufacturing equipment - Personal Property

Video tapes for rent - Personal Property

Walls, portable partitions - Personal Property

Waste water systems - Personal Property

Walk-in coolers or freezers - Personal Property

Water lines, for processes above or below ground - Personal Property

Water pumping station, building and structure - Real Property

Water pumps and motors - Personal Property

Water treating and softening plant building and structure - Real Property

Water treatments systems - Personal Property

Well pumps, motors and equipment - Personal Property

Well casings - Real Property

Wiring, power wiring - Personal Property



Insert index factors

insert present worth table

insert life expectancy guide

insert life expectancy guide

insert sample property worksheet

ATTACHMENT F

TANGIBLE PERSONAL PROPERTY TAX RETURN  
(Form DR-405 r. 7/93),  
HEREIN INCORPORATED BY REFERENCE,  
AND AS SUBSEQUENTLY AMENDED

ATTACHMENT F

TANGIBLE PERSONAL PROPERTY TAX RETURN  
(Form DR-405 r. 7/93),  
HEREIN INCORPORATED BY REFERENCE,  
AND AS SUBSEQUENTLY AMENDED

ATTACHMENT G

RULE 12D-8.009, F.A.C., AS AMENDED 9/30/82,  
AND AS SUBSEQUENTLY AMENDED  
ADDITIONAL REQUIREMENTS FOR PREPARATION OF  
TANGIBLE PERSONAL PROPERTY ASSESSMENT ROLL,  
[Personal Property Class Codes]  
HEREIN INCORPORATED BY REFERENCE



insert pollution control forms