

## **Chapter 25. General Business Assets**

### **§2501. Guidelines for Ascertaining the Fair Market Value of Office Furniture and Equipment, Machinery and Equipment and Other Assets Used In General Business Activity**

A. Because the information necessary to use the market and income approaches to value is generally not available, the fair market value of office furniture and equipment, machinery and equipment and other assets used in general business activity can generally best be estimated by the cost approach. This approach allows the assessors across the State of Louisiana to fairly and uniformly assess business and industrial personal property, while, at the same time, allowing each assessor the discretion that is necessary to accommodate modernization, facelifting of equipment, and obsolescence.

B. The following data is required to use the cost approach to value:

1. total acquisition costs of equipment including freight, installation, taxes and fees, as well as, date of purchase;
2. an index that adjusts the cost for the effects of inflation;
3. the average expected economic life of the equipment;
4. a typical depreciation schedule for the equipment; and
5. information to determine external (economic) and/or functional obsolescence, if any.

C. The assessor should obtain from the taxpayer the acquisition cost of the equipment, the actual age of the equipment, and any information that may reflect on the average economic life and fair market value of the equipment. These regulations, as adopted by the Louisiana Tax Commission, contain guidelines for average economic life, typical depreciation schedules and cost indices.

D. Three different procedures are defined for establishing fair market value when using the cost approach: Procedure 1 shall be used for the typical business and industrial personal property which has an average economic life equal to the guidelines, and that has not incurred any external (economic) and/or functional obsolescence. Alternative Procedure 2 should only be used for the business and industrial personal property which has an average life that is either lower or higher than the guidelines. Alternative Procedure 3 should only be used for the business and industrial personal property that has incurred external (economic) and/or functional obsolescence. An assessor or taxpayer wishing to deviate from Procedure 1 shall bear the burden of proving that the alternative procedure elected establishes the fair market value of the property.

E. Composite multipliers are computed for the assessor in Procedure 1 and presented in Table 2503.D. These tables shall be updated annually by the Tax Commission in order to comply with uniform assessment of personal property.

F. Procedure 1

1. This procedure for establishing the fair market value of business and industrial personal property (excluding oil and gas properties, drilling rigs, inventories and leased equipment), includes these steps:

a. classify the personal property according to the classifications listed in Table 2503.A;

b. the classification table will refer the assessor to the correct composite multiplier table. The composite multiplier is a composite of the cost index and the percent good;

c. select the correct composite multiplier from this table, based on the actual age of the equipment (See example below);

d. multiply the composite multiplier times the acquisition cost of the equipment. The result is the fair market value of the equipment.

e. in the year in which the personal property has reached its minimum percent good, the applicable composite multiplier in use at that time is "frozen". For the assessment years that follow, the RCNLD value does not change until the personal property is permanently taken out of service. An exception to this rule applies when the property has been reconditioned to extend its remaining economic life.

2. For example, the age 1 composite multiplier applies to personal property purchased the year prior to the year it is being assessed (two years back for Orleans Parish) and so on for the other ages.

G. Alternative Procedure 2

1. If an assessor determines that economic lives are over or understated for certain personal property, an appropriate composite multiplier can be derived as illustrated below:

a. select the average economic life of the personal property based on information available;

b. go to Table 2503.C and select the percent good based upon the actual age of the property;

c. select the appropriate cost index from Table 2503.B based on  
GB - 2 (2007)

the year of acquisition;

d. multiply the percent good times the cost index to calculate the composite multiplier;

e. multiply the composite multiplier times the acquisition cost of the personal property in order to derive the fair market value of the personal property.

f. in the year in which the personal property has reached its minimum percent good, the applicable composite multiplier in use at that time is "frozen". For the assessment years that follow, the RCNLD value does not change until the personal property is permanently taken out of service. An exception to this rule applies when the property has been reconditioned to extend its remaining economic life.

2. This procedure should only be used if the assessor has proof that the average economic life of the personal property is different from the average economic life as provided in the guidelines. Otherwise, use Procedure 1 to calculate the fair market value.

#### H. Alternative Procedure 3

1. This procedure should be used only if external (economic) and/or functional obsolescence has affected the fair market value of the business and industrial personal property. External (economic) and/or functional obsolescence are defined in Section 301 of these rules and regulations. This procedure is to be used for Salt Dome Storage Wells & Caverns permitted as Class II Type 10, 11-L or 11-N. Negative economic obsolescence may occur resulting in a positive adjustment known as munificence.

2. The steps are:

a. acquire the acquisition cost and year acquired of the personal property;

b. multiply the acquisition cost times the cost index that corresponds to the year acquired from Table 2503.B;

c. multiply the number derived in Step b. by the percent good that corresponds to the year acquired from Table 2503.C.;

d. adjust the number derived in Step c. for functional obsolescence/munificence, if any;

e. adjust the number derived in Step d. for external (economic) obsolescence, if any; the result is the fair market value of personal property that has been affected by external (economic) and/or functional obsolescence/munificence.

f. in the year in which the personal property has reached its minimum percent good, the applicable composite multiplier in use at that time is "frozen". For the assessment years that follow, the RCNLD value does not change until the personal property is permanently taken out of service. An exception to this rule applies when the property has been reconditioned to extend its remaining economic life.

3. Procedure 3 shall be used to develop fair market value when supporting data for the analysis of economic and/or functional obsolescence has been submitted.

4. If external (economic) and/or functional obsolescence/munificence, when documented and supported by the taxpayer, is not included in the valuation when warranted, a value greater or lower than fair market value will result.

5. Otherwise, use Procedure 1 to calculate the fair market value.

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HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Tax Commission, LR 8:102 (February 1982), amended LR 10:943 (November 1984), LR 12:36 (January 1986), LR 15:1097 (December 1989), LR 16:1063 (December 1990), LR 17:1213 (December 1991), LR 19:212 (February 1993), amended by the Department of Revenue, Tax Commission, LR 31:719 (March 2005), LR 33:495 (March 2007), LR 34:685 (April 2008), LR 35:500 (March 2009), amended by the Division of Administration, Tax Commission, LR 42:

**2503. Tables Ascertaining Economic Lives, Percent Good and Composite Multipliers of Business and Industrial Personal Property**

Table 2503.A  
Suggested Guidelines For Ascertaining  
Economic Lives of Business and Industrial  
Personal Property

The following alphabetical list includes most of the principal activities and types of machinery and equipment used in business throughout this state. The years shown represent an estimate of the average economic life of the equipment as experienced by the particular business or industry. The actual economic life of the assets of the business under appraisal may be more or less than the guidelines shown. The assessor must use his best judgment, in consultation with the property owner, in establishing the economic life of the property under appraisal.

<b>Business Activity/Type of Equipment</b>	<b>Average Economic Life In Years</b>
<b>Agricultural Machinery &amp; Equipment</b>	10
Feed Mill Equipment (Production Line)	20
Air Conditioning & Heat Repair	10
Air Conditioning Single Room Unit	8
Aircraft Parts Mfg. M & E	12
All Terrain Vehicles	10
Aluminum Industry M & E	20
Amusement Devices (Music, Pinball Mach., etc.	12
Inflatable Air Bouncers	5
VCR & DVD Players	5
Video Games	3
Video Poker Gaming Equipment	5
Amusement & Theme Parks	12
Antenna (ex. Mounted on Towers) for CATV, etc.	8
Apparel Mfg. M & E	20
Auto Parts Retail	10
Auto Quick Service	10

Auto Repair M & E	8
Diagnostic Equipment (Electronic)	5
Paint Booths	15
Small Tools	5
<b>Bakeries:</b>	
Industrial (i.e. Holsum, Sunbeam Bread )	20
Commercial (i.e. Albertson's, Mom & Pop, etc.)	12
<b>Banks</b>	
Alarm Systems	5
Automatic Teller Machines (ATM's)	8
Encoders	10
Furniture & Fixtures	12
Safety Deposit Boxes	25
Vault Doors	25
Video Equipment	5
<b>Barber &amp; Beauty Shops</b>	10
Tanning Beds	10
<b>Billboards, Poster Panels &amp; Bulletin Boards</b>	15
<b>Bleach Mfg. M &amp; E</b>	12
<b>Blueprinting, Photostating, Mimeographing &amp; Lithographing (non - electronic)</b>	10
<b>Boat Molds (fiberglass)</b>	8
<b>Book Bindery</b>	12
<b>Bottling &amp; Soft Drinks Mfg. M &amp; E</b>	20
<b>Bowling Lanes</b>	12
Automatic Pinsetters & other M & E	10
<b>Brewing &amp; Distilling M &amp; E</b>	20
<b>Butcher Shops</b>	12
<b>C.A.T.V. Equipment</b>	
Cablevision Systems	10
Headend Active (Equipment & Tower)	8
House Drops & Converters	3
P & E (Distribution)	10
Test Equipment & Tools	5
Tower	20
<b>Cabinet Shop M &amp; E</b>	8

Candy & Confections Mfg. M & E	12
Cannery M & E	20
Car Wash (5 min. & coin-op)	10
Cash Registers & Scanners (Also See Supermarkets)	5
Cellular/PCS	
Antennas	5
Cellular/PCS Telephone Handsets	3
Electronics	5
Leasehold Improvements	15
Power and Batteries	5
Software	3
Switching	5
Towers – Cellular/PCS and Microwave	20
Transmission	5
Cement, Clay & Brick Prods. Mfg. M & E	20
Chemical Industry M & E	15
Chiropractic Equipment	10
Clothing Mfg. M & E	20
Cocktail & Beer Bars	10
Coin-op Machines	10
Cold Storage Warehouse Equipment	12
Compressors (General Business Assets Only)	12
Computers	
Desktops	3
Handhelds	3
Laptops	3
Main Frame	5
Midrange	5
Peripherals	3
Personal Computers	3
Servers	5
Concrete Products M & E	20

Construction M & E	
Cranes, Crawler	20
General Construction	10
Asphalt Plants	
Portable	10
Stationary	12
Land Clearing	10
Marine Construction	
Ships & Vessels	20
Pleasure Craft	12
Mobile Telescopic	8
Road Construction (heavy)	10
Rock Crushing	
Portable	10
Stationary	12
Sewer & Utilities	10
Well Drilling (other than O & G)	10
Container Mfg. M & E	20
Converters (Residential Type)	3
Coolers (walk-in)	12
Coolers	
Water (Installed/Water Fountain)	10
Water (Portable)	5
Water Bottles (5 gallon)	3
Copy Machines	3
Costumes (rental)	5
Cotton Gins	12
Cranes (crawler)	20
Credit Card Machine (In Store Swipe-type)	5
Credit Card Machines (See Supermarket POS)	
<b>Dairy Processing M &amp; E</b>	20
Day Care (Exclude Office, Kitchen & Computer Assets)	5
Dental Equipment	12
Department Store Furniture & Equipment	12
Dies & Molds	10
Digital Cameras & Recorders	5



Dispensing Machinery (coin-op)	10
Distilling & Brewing M & E	20
Doctors, Dentists & Professional Equipment	12
Drug Store F & F	12
Dry Cleaning & Laundry M & E (Except Coin-op)	12
(Coin-op)	5
<b>Electrical Generating</b>	
Gas & Diesel	10
Steam	25
Electrical Mfg. M & E	15
Electrical Transmission & Distribution	25
Electronic Equipment	5
Electronic Mfg. Equipment	8
<b>Feedmill M &amp; E</b>	12
Fertilizer Applicators	10
Fertilizer Mfg. M & E	8
Fiberglass Molds	8
Fish Processing M & E	20
Fitness Equipment	
Electronic	5
Manual	8
Florist Retail (Except Computers and Other Office Equipment)	8
Flour, Cereal & Grain Milling	20
Food Processing M & E	20
Forklifts	
Inside	12
Outside	10
Foundry M & E	20
Fruit Bins & Cargo Pallets	10

<b>Gaming Equipment:</b>	
Casino Riverboats (See: Riverboat Casinos)	
Electronic, Slots or Computers	5
Lotto Machines	3
Mechanical, Slots	10
All Other Gaming Equipment	15
Garage M & E	8
General Contractor M & E	8
Golf Carts	8
Golf Course Equipment	10
Golf Course Tractors	12
GPS Receivers (Hand Held)	3
Greenhouse & Nursery M & E	10
Grocery Store F & F	12
Grocery Store Walk-in Coolers	12
<b>Hardware Store F &amp; F</b>	12
Hatchery M & E	10
Health Spa Equipment	10
Hospital & Nursing Home Equipment	12
High Tech (Computer Driven) Equipment	5
Hotel F & F	10
<b>Ice Cream Cabinets</b>	10
Ice & Refrigeration M & E	20
Iron & Steel Industry M & E	25
<b>Janitorial Service M &amp; E</b>	10
Jewelry Store F & F and Equipment	12
<b>Key Duplication Equipment</b>	10
<b>Laboratory Equipment (Non-Electronic)</b>	12
Landscaping M & E	10
Laundry & Dry Cleaning M & E	
(Except coin-op)	12
(Coin-op)	5

Leather Products Mfg. M & E	20
Libraries (Professional)	15
Lift Trucks (See: Forklifts)	
Lumber & Wood Products Industry	
Logging M & E	10
Log Stackers	10
Pulp, Paper & Paperboard M & E	20
Plywood & Veneer M & E	20
Scarifying M & E	10
Sawmills	
Portable	12
Stationary	20
Shake & Shingle Mills	
Portable	12
Stationary	20
<b>Machine Shop M &amp; E (Maintenance)</b>	8
Machine Shop M & E (Production)	8
Mailing Machines	10
Meat Packing M & E	12
Meat Processing M & E (Complex)	20
Medical Equipment	12
Computer Driven	5
Metal Fabrication & Extrusion Mfg. M & E	20
Metal Sheet Fabrication	8
Mining, Milling & Quarry M & E	10
Mobile Yard Equipment	10
Modular Office Buildings (portable)	15
Mortuary Service Equipment	12
Motel Furniture & Equipment	10
Movie (Film Making)	8
Music Instruments (Rental)	8
Music Studio Recording Equipment	5

Music Systems (Background)	5
<b>Neon Signs</b>	10
Newspaper M & E	
Press	15
Photographic	10
Other M & E	15
Nursing Home Equipment	12
Mattresses	3
Nursery & Greenhouse M & E	10
<b>Office Copy Machines, Faxes &amp; Printers</b>	3
Office Electronic Machines	5
Office F & F	12
Office Mailing Machines	10
Office Safes	25
Oilfield Rental Tanks	15
Outdoor Advertising Structures (See: Signs)	
Oxygen & Acetylene Tanks	25
<b>P.A. Systems</b>	10
Packing & Sorting M & E (Fruit, Vegetables, etc.)	12
Paint & Varnish Mfg. M & E	12
Pallets, Crates, Lugs, Bins, etc.	10
Petroleum Products Industry	
Bulk Station Equipment	25
Refining M & E	20
Service Station Equipment*	10
Photography Equipment	8
One-hour Photo processing Equipment	8
Plastic Extrusion Equipment	12
Plastic Illuminated Signs	10
Plumbing Shop Equipment	8
Plywood & Veneer Mfg. M & E	20
Pollution Control M & E	15

Pool Hall Equipment	12
Portalets	5
Poultry Plants M & E	12
Power & Generation M & E Gas & Diesel Steam	10 25
Printing & Publishing Equipment (See: Newspaper)	
Professional Equipment Scientific, Doctors, Dentists, etc. Libraries	12 15
Propane Tanks	25
Pulp & Paper Mfg. M & E	20
<b>Radio &amp; Television</b> Broadcasting Equipment C.A.T.V. (Cable Systems) Digital Radio Equipment	8 10 5
Radio - Telephone Equipment - 2-Way	10
Recording Equipment Service & Repair Equipment Towers	8 10 20
Rental Equipment Linens Public U-Rent (except heavy equipment) Tuxedos Video Tape, DVD & Game Rental	3 5 5 3
Research & Development M & E	3
Restaurants, Soda Fountains & Drive-Ins	10
Retail Stores F & F	12
Riverboat Casinos Required to cruise Dockside on a permanent basis	15 20
Rock Crushers (See: Construction)	
<b>Salt Dome Storage Wells &amp; Caverns (LDNR Class II Type 10, 11-L or 11-N)</b>	30
Sawmills (See: Lumber)	

Scaffolding (rental)	10
Search Lights	10
Service Station Equipment *	10
Sewer Construction Equipment	10
Sewing Equipment	12
Sheet Metal Fabrication	8
Shipbuilding (See: Construction)	
Shoes & Leather Products Mfg. M & E	20
Shipyards (See: Construction)	
Signs	
Bulletin Boards	15
Billboards	15
Neon	10
Plastic Illuminated	10
Poster Panels	15
Electronic Three-sided Billboard	10
Small Tools – perishable	5
Smelting M & E	20
Soft Drink Mfg. M & E (Batch)	20
Storage Buildings (portable)	10
Stores	
Retail	12
Wholesale	12
Sugar Cane Refining	20
Supermarkets	
Cash Registers & Scanners	5
PA Systems (Public Address)	5
POS Computer Systems	3
Walk-in Coolers	12
Surveying Equipment (Also See Professional Equipment)	8
<b>Tavern &amp; Bar Equipment</b>	10
Telecommunications Equipment (electronic)	8
Fiber Optic Cable (buried)	15
Fiber Optic Cable (exposed)	8

Telephone & Intercom Systems Electronic Manual (non-electronic)	8 10
Television & Radio (See: Radio)	
Textile, Tent & Awning Mfg. M & E	20
Theater F & F Projection Equipment	15 8
Tire Recapping Equipment	12
Toilets, Portable	12
Towers Cellular Microwave	20 20
Tuxedo Rental	5
<b>Unclaimed Vehicles</b>	10
Upholstery Equipment	10
<b>VCR &amp; DVD Equipment (If Rental Units, See Rental)</b>	5
Vending Machines	10
Video Games	3
Video Poker Gaming Equipment	5
<b>Warehouse Equipment</b>	12
Water Systems	12
Welding Shop Equipment	12
Wholesale Stores	12
Winery Equipment	12
Woodworking Shop M & E	8
<b>X-Ray Equipment</b>	12

\* If acquisition cost and age of service station equipment are not available, see **Chapter 9, Table 907.B-2**, for alternative assessment procedure.

Table 2503.B  
Cost Indices

Year	Age	National Average 1926 = 100	January 1, 2017 = 100*
2017	1	1612.2	0.990
2016	2	1580.9	1.010
2015	3	1593.7	1.002
2014	4	1578.8	1.011
2013	5	1558.7	1.024
2012	6	1545.9	1.032
2011	7	1503.2	1.062
2010	8	1457.4	1.095
2009	9	1468.6	1.087
2008	10	1427.3	1.118
2007	11	1373.3	1.162
2006	12	1302.3	1.226
2005	13	1244.5	1.283
2004	14	1157.3	1.379
2003	15	1118.6	1.427
2002	16	1100.0	1.451
2001	17	1093.4	1.460
2000	18	1084.3	1.472
1999	19	1065.0	1.499
1998	20	1061.8	1.503
1997	21	1052.7	1.516
1996	22	1036.0	1.541
1995	23	1020.4	1.564
1994	24	985.0	1.620
1993	25	958.0	1.666
1992	26	939.8	1.698
1991	27	928.5	1.719
1990	28	910.2	1.754
1989	29	886.5	1.800
1988	30	841.4	1.897
1987	31	806.9	1.978

\*Reappraisal Date: January 1, 2017 – 1596.1 (Base Year)



Table 2503.C  
Percent Good

Age	3 Yr	5 Yr	6 Yr	8 Yr	10 Yr	12 Yr	15 Yr	20 Yr	25 Yr	30 Yr
1	.70	.85	.87	.90	.92	.94	.95	.97	.98	.98
2	.49	.69	.73	.79	.84	.87	.90	.93	.95	.97
3	.34	.52	.57	.67	.76	.80	.85	.90	.93	.95
4	.16	.34	.41	.54	.67	.73	.79	.86	.90	.93
5		.23	.30	.43	.58	.66	.73	.82	.87	.91
6		.18	.19	.33	.49	.58	.68	.78	.84	.89
7			.18	.26	.39	.50	.62	.74	.81	.86
8				.22	.30	.43	.55	.70	.78	.84
9				.20	.24	.36	.49	.65	.75	.82
10					.21	.29	.43	.60	.71	.79
11					.20	.24	.37	.55	.68	.76
12						.22	.31	.50	.64	.74
13						.20	.26	.45	.60	.71
14							.23	.40	.56	.68
15							.21	.35	.52	.65
16							.20	.31	.48	.61
17								.27	.44	.58
18								.24	.39	.54
19								.22	.34	.51
20								.21	.30	.47
21								.20	.28	.44
22									.26	.40
23									.24	.37
24									.20	.34
25									.20	.31
26									.20	.28
27										.26
28										.23
29										.21
30										.20
31										.20

Table 2503.D  
 Composite Multipliers  
 2018 (2019 Orleans Parish)

Age	3 Yr	5 Yr	6 Yr	8 Yr	10 Yr	12 Yr	15 Yr	20 Yr	25 Yr	30 Yr
1	.69	.84	.86	.89	.91	.93	.94	.96	.97	.97
2	.49	.70	.74	.80	.85	.88	.91	.94	.96	.96
3	.34	.52	.57	.67	.76	.80	.85	.90	.93	.95
4	.16	.34	.41	.55	.68	.74	.80	.87	.91	.94
5		.24	.31	.44	.59	.68	.75	.84	.89	.93
6		.19	.20	.34	.51	.60	.70	.80	.87	.92
7			.19	.28	.41	.53	.66	.79	.86	.91
8				.24	.33	.47	.60	.77	.85	.90
9				.22	.26	.39	.53	.71	.82	.89
10					.23	.32	.48	.67	.79	.88
11					.23	.28	.43	.64	.79	.88
12						.27	.38	.61	.78	.87
13						.26	.33	.58	.77	.87
14							.32	.55	.77	.86
15							.30	.50	.74	.86
16							.29	.45	.70	.86
17								.39	.64	.85
18								.35	.57	.79
19								.33	.51	.76
20								.32	.45	.71
21								.30	.42	.67
22									.40	.62
23									.38	.58
24									.32	.55
25									.31	.52
26									.30	.48
27										.45
28										.40
29										.38
30										.38
31										.37

Data sources for tables are:

1. Cost Index - Marshall and Swift Publication Co.
2. Percent Good - Marshall and Swift Publication Co.
3. Average Economic Life - various

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