



Oregon State Fair Council Meeting Notice & Agenda

Thursday, July 26, 2018 at 1:30 p.m.

Oregon State Fair & Expo Center
Floral Building (Change of Location)
2330 17th Street NE
Salem, OR 97301

Council Members

Jon Chandler, Chair

Kevin Cameron, Vice Chair

Vicki Berger

Loyal Burns

Gene Derfler

Leah Perkins-Hagele

George Jennings

Austin McGuigan

Craig Smith

Kerry Tymchuk

Advisory Members

Senator Arnie Roblan

Representative Mike Nearman

Salem City Manager Steve Powers

Our Mission

The mission of the Oregon State Fair & Exposition Center is to provide a reason and a place for all people to gather, connect and learn, embrace excellence in all forms and celebrate the achievements of Oregonians.

Our Vision

We envision a relevant Oregon State Fair & Exposition Center that embodies good stewardship of the public's trust and serves as a self-sustaining asset for Oregonians to treasure long into the future.

Public Comments

The Oregon State Fair Council values the input of citizens in making important decisions that affect the Oregon State Fair and Exposition center. We also believe in the right of citizens to observe Council meetings. To ensure citizens have an opportunity to attend Council meeting and offer citizen comment and to ensure that the Council can conduct its business, the following guidelines apply to all public comment.

- The Council will have two sign-up sheets at a desk in the meeting room 15 minutes before the scheduled meeting for those wishing to speak on agenda items or non-agenda subjects. Individuals may sign up in person, or in advance of the meeting via email. Email requests should include the date requester wishes to speak, requester's name, phone number and the agenda item or topic of their comments.
- Public Comment on Agenda Items before the Council: individuals on this list will be called to testify before actions on these items are taken. On the sign-up sheet list your name, address and the agenda item upon which you wish to be heard.
- Public Comment on Non-Agenda Items during Board Meetings: list your name, address and the subject matter upon which you wish to be heard.
- You will have 3 minutes to testify, unless otherwise stated.
- When you are called to come forward to speak state and spell your name for the recorded record of the meeting.
- Council members may ask questions to clarify your testimony but will not engage in a discussion with you. Public Comment allows the Council and CEO to hear issues that interest our citizens, but does not allow an opportunity for dialogue between the speaker, Council or Administrators.
- If the Council determines that follow-up is necessary you may be referred to the Chief Executive Officer or an item may be placed on a future Council agenda.
- If you wish to submit written testimony before or at the meeting, please provide 15 copies.
- The Public may not use videos or PowerPoint presentation to accompany their testimony without prior approval by the Board Chair.
- Individuals offering citizen comment are not permitted to make personal attacks on any Council employee, Council member, other testifier, or member of the public.



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Agenda

- I. **Call To Order**
- II. **Roll Call**
- III. **Pledge of Allegiance**
- IV. **Presentations**
- V. **Approval of Minutes**
 - a. Council Meeting of May 24, 2018
- VI. **Public Comment on Agenda Items**
- VII. **Council Chair's Report**
- VIII. **CEO's Report**
- IX. **Information Items**
 - a. **2018 State Fair Report**
- X. **Action Items**
 - a. **State Fair Council**
 - i. Financial Statement 1/1/18-6/30/18
 - ii. Discussion and Action Regarding Fixed Asset Policy
 - b. **Oregon State Fair**
 - i. Discussion and Action Regarding Agreement with Oregon State Police for Law Enforcement Services During the 2018 Oregon State Fair
 - c. **Committee Reports and Action Thereon**
 - i. Executive Committee
 - ii. Governmental Affairs Committee
 - iii. Nominating Committee
- XI. **Public Comments on Non-Agenda Items**
- XII. **Council Members' Comments**
- XIII. **Executive Session:**
 - a. Pursuant to ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.
- XIV. **Adjourn**



Oregon State Fair Council Meeting – July 26, 2018

Agenda Item: V.a. [For Action]
Council Meeting Minutes of May 24, 2018



Minutes of the Oregon State Fair Council Regular Meeting

May 24, 2018

Oregon State Fair & Exposition Center – Cascade Hall McKenzie Room

Audio Recorded: Yes

I. **Call to Order:** The meeting convened at 1:30 p.m. with Vice Chair Kevin Cameron presiding.

II. **Roll Call:** The attendance, both in person and by phone, was recorded as shown below:

Present:

Jon Chandler, Chair
Kevin Cameron, Vice Chair
Vicki Berger, Council Member
Loyal Burns, Council Member
Gene Derfler, Council Member
George Jennings, Council Member
Austin McGuigan, Council Member
Leah Perkins-Hagele, Council Member
Rep. Mike Nearman, Advisory Council Member
Mike Paluszak, Director/CEO

Non-Present:

Craig Smith, Council Member
Kerry Tymchuk, Council Member
Sen. Arnie Roblan, Advisory Council Member
Steve Powers, Advisory Council Member

III. **Pledge of Allegiance:** The Pledge of Allegiance was made by all parties present.

IV. **Presentations:** None

V. **Approval of Minutes:** Vice Chair Cameron asked if there were any changes or corrections to the minutes presented for approval. Hearing none, it was moved by Council Member Jennings and seconded by Council Member McGuigan to approve the minutes as presented. The motion carried unanimously.

VI. **Public Comment on Agenda Items:** None

VII. **Council Chair's Report:** See X.b.i. Executive Committee Report.

VIII. **CEO's Report:** Mr. Paluszak reported that Travel Salem awarded OSFEC with one of their prestigious annual marketing awards, "The Most Corona Award," in large part due to OSFEC hosting the OMSI event during the eclipse of August 2017 which was attended by approximately 7,000 people the weekend before the State Fair. This was a large undertaking particularly during the time the State Fair is moving in and setting up. He commended the Staff for a "miraculous" job well done. Further the award recognizes OSFEC for the growth that has been accomplished in Expo Center activity and the contribution that makes to the local tourism economy.

Mr. Paluszak also reported that the Council's web site, oregonstatefairconcil.org has been rebuilt to look and act more like our other web sites, oregonstatefair.org and oregonstateexpo.org.

The 2018 budget includes increase in salaries relating to staff restructuring and transition. Mr. Paluszak distributed the organizational chart that reflects these staff changes, including Don Hillman and Katie Cannon being mostly transitioned out in 2018 as has been theirs and the Council's intentions all along, since it was never anticipated that their services would be for the long term. They are transferring their duties and information to others on staff who will take on additional responsibilities. Management level responsibilities going forward will be redistributed to fall under one of three senior level managers or department heads including Kim Grewe-Powell as Director of Marketing and State Fair Programming; Wayne Petersen as Director of Expo Center Events

and State Fair Vendors; and Jim Hinkle, who will join the management team as soon as he relocates from Anchorage Alaska, as the Director of Administration and Operations. He explained how the management team and staff, as restructured, will function both with regard to year-round operations and the State Fair.

Mr. Paluszak gave an overview of projects that are underway in addition to the Bond projects including a large paving project of over \$100,000 by Marion County in trade for three years rental of the fairgrounds for the Marion County Fair, a project that will make significant improvements to the lawn and curb West of the Pavilion, some aesthetic and security enhancements will be done on entrances specifically the pink and blue gates, the company that owns the Fairlift will be painting portions of it this year as required by their contract with additional painting scheduled for 2019, and we are anticipating adding alarms and camera security systems in vulnerable parts of the facility.

Boldt Carlisle + Smith, the Council's auditors, have begun their review of 2017 based on the schedule adopted by the Council of alternating years doing reviews and audits.

We are currently working on standardizing contract templates which will be reviewed by Legal Counsel for legal sufficiency, which will make our contracting process much more efficient.

IX. Information Items:

- a. **State Fair Report:** Kim Grewe-Powell reported that all concerts are now on sale and going well, admission and carnival wristbands will go on sale online June 1st, fair layout is complete, GK Machines will be back with motorsports in the Pavilion, Safeway will be doing our presale admission and carnival wristbands. An update on sponsorships will be given at the next Council meeting.
- b. **Report by Gruen Gruen + Associates Regarding the Economic and Fiscal Impact of the Oregon State Fair and Exposition Center on the Local and State Economies – April 2018:** Mr. Paluszak introduced the report that was distributed with the meeting materials. This report is based on 2016, or last audited year. The overview of the report includes the following economic and fiscal benefits of OSFEC:

On Marion County:

- 627 total jobs supported.
- \$9.3 million of total annual earnings (i.e., wages, salaries and benefits) to workers holding these jobs.
- \$41.3 million of total annual "economic activity" created.
- \$324,000 of annual Transient Occupancy Tax for local communities.

On the State of Oregon:

- 883 total jobs supported.
- \$15.6 million of total annual earnings to workers holding these jobs.
- \$54.5 million of total annual "economic activity" created.
- \$890,000 of annual state income tax.
- \$69,000 of annual state lodging tax.

X. Action Items

- a. **State Fair Council**

- I. **Financial Statement 1/1/18-4/30/18:** A motion was made by Council Member Berger and seconded by Council Member Derfler to accept the financial statement 1/1/18-2/28/18. The motion carried unanimously.
- II. **Discussion and Action Regarding Three-Year Contract with Mid-Valley Excavation, LLC for Manure Hauling Services.** A motion was made by Council Member Jennings and seconded by Council Member McGuigan to approve the contract as presented. The motion carried unanimously.

b. Committee Reports and Action Thereon

- I. **Executive Committee:** Vice Chair Cameron reported that the Executive Committee met to review the Intergovernmental Agreement (IGA) with DAS related to the Bond projects and authorized the Director/CEO to enter into the agreement on behalf of the Council.
- II. **Governmental Affairs Committee:** No Report
- III. **Nominating Committee:** Now that the statute has been revised regarding Council Members staggered terms, the only thing left to do is assigning terms to those positions. Mr. Paluszak remarked that that was done when the Council approved the proposed legislation. The effective date of the legislation is June 2nd and he will be working with the Governor's staff to update the terms accordingly.

XI. Public Comments on Non-Agenda items: None

XII. Council Members' Comments: Council Member Berger commented that the restructuring is what she and the Council envisioned from the beginning.

XIV. Adjourn: There being no further business the meeting was adjourned.

Meeting Materials: Agenda; Financial Statement 1/1/18 – 4/30/18



Oregon State Fair Council Meeting – July 26, 2018

Agenda Item: X.a.i. [For Action]
Financial Statement 1/1/18-6/30/18

Oregon State Fair Council
Balance Sheet
As of June 30, 2018

| | Jun 30, 18 |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 10000 · Maps Checking Account | 4,586.21 |
| 10100 · Maps Savings Account | 5,022.53 |
| 10120 · USB - Operating Acct - 5013 | 187,062.53 |
| 10121 · USB - Payroll Acct - 3265 | 16,900.24 |
| 10125 · USB - Mrchnt Pre-Sales - 2438 | 233,890.26 |
| 10126 · USB - Merchant Pking Lot - 5533 | 411.68 |
| 10127 · USB - Fair Admission -5088 | 1,830.25 |
| 10128 · USB - Office Expo - 5104 | 52,560.04 |
| 10129 · USB - Show Works - 5120 | 819.27 |
| 10130 · USB - Camp Ground - 5138 | 12,999.52 |
| 10131 · USB - Office FAIR - 5112 | 20,312.66 |
| 10132 · USB Payment Card - Mike | 41,965.83 |
| 10133 · USB Payment Card - Wayne | 14,734.55 |
| 10134 · USB Payment Card - Kim | 13,469.43 |
| 10150 · Petty Cash Box - Fair | 1,699.82 |
| 10156 · Petty Cash - Presales Fair | 200.00 |
| 10200 · State Treasury Fund Account | 3,705,514.47 |
| Total Checking/Savings | 4,313,979.29 |
| Accounts Receivable | |
| 11000 · Accounts Receivable | 18,470.30 |
| Total Accounts Receivable | 18,470.30 |
| Total Current Assets | 4,332,449.59 |
| Other Assets | |
| 19000 · Capital Investments- SF Council | 1,055,065.90 |
| Total Other Assets | 1,055,065.90 |
| TOTAL ASSETS | 5,387,515.49 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 20000 · Accounts Payable | 140,389.43 |
| Total Accounts Payable | 140,389.43 |
| Other Current Liabilities | |
| 20100 · Deferred Rent Income - MCFair | 40,234.89 |
| 20105 · Deferred Inc - State Biennium | 507,649.50 |
| 20200 · Deferred Income - Fair | 620,116.00 |
| 20515 · Deferred Income - Expo | 37,175.00 |
| 20525 · Future Capital Improv. Deposits | 27,089.50 |
| 24000 · Payroll Liabilities | 26,135.04 |
| Total Other Current Liabilities | 1,258,399.93 |
| Total Current Liabilities | 1,398,789.36 |
| Total Liabilities | 1,398,789.36 |

Oregon State Fair Council
Balance Sheet
As of June 30, 2018

| | <u>Jun 30, 18</u> |
|---------------------------------------|----------------------------|
| Equity | |
| 25000 · State Parks Opening Bal | 3,014,804.40 |
| 25020 · State Biennium Fund 2015-2017 | 1,015,299.00 |
| 25021 · State Biennium Jan-Jun 2017 | -253,824.75 |
| 32000 · Retained Earnings | 706,756.89 |
| Net Income | -494,309.41 |
| | <hr/> |
| Total Equity | 3,988,726.13 |
| | <hr/> |
| TOTAL LIABILITIES & EQUITY | <u>5,387,515.49</u> |

Oregon State Fair Council
Profit & Loss - Total
January through June 2018

| | <u>Jan - Jun 18</u> |
|---------------------------------|---------------------|
| Ordinary Income/Expense | |
| Income | |
| Administration Revenue | 36,041.11 |
| Operations Revenue | 17,247.36 |
| Expo Center Revenue | 847,337.39 |
| State Fair Revenue | 50,305.00 |
| Total Income | <u>950,930.86</u> |
| Gross Profit | 950,930.86 |
| Expense | |
| Salaries & Wages - Permanent | 238,029.31 |
| Contracted Labor - PT/Snl/Temp | 90,724.90 |
| Employee Benefits - ER Exp | 30,153.25 |
| Payroll Tax - Employer's Share | 22,663.22 |
| Professional Services Exp. | 89,586.77 |
| Council Expense | 548.30 |
| Travel/Training/Relocation - EE | 16,560.99 |
| Supplies & Expenses | 50,854.63 |
| Dues and Subscriptions | 270.00 |
| Insurance | 30,526.50 |
| Utilities-Elec,Gas,Water, Trash | 284,270.14 |
| Maint. and Repairs of Equipment | 7,863.99 |
| Maint. of Buildings and Grounds | 200,995.69 |
| Special Repairs & Maint. | 786.32 |
| Marketing Expenses | 6,446.05 |
| Vehicle Expenses | 4,401.57 |
| Bank Fees | 23,330.46 |
| Equipment Purchase <\$5k | 3,809.88 |
| Permits, Licenses | 235.20 |
| State Fair Administrative Exp. | 74,957.53 |
| State Fair Marketing Expenses | 231,575.28 |
| State Fair Operations Expenses | 21,704.20 |
| State Fair Attractions Expenses | 31,350.00 |
| State Fair Exhibits Expenses | 80,882.51 |
| Total Expense | <u>1,542,526.69</u> |
| Net Ordinary Income | -591,595.83 |

07/20/18
Accrual Basis

Oregon State Fair Council
Profit & Loss - Total
January through June 2018

| | <u>Jan - Jun 18</u> |
|-----------------------------|---------------------------|
| Other Income/Expense | |
| Other Income | |
| Other Income | 253,824.75 |
| Total Other Income | <u>253,824.75</u> |
| Other Expense | |
| Other Expenses | 605.00 |
| Special Projects Expense | 117,168.09 |
| 90700 - Bond Project Exp | 38,765.24 |
| Total Other Expense | <u>156,538.33</u> |
| Net Other Income | <u>97,286.42</u> |
| Net Income | <u><u>-494,309.41</u></u> |

Oregon State Fair Council
Profit & Loss by Class - Exclude NonCash
January through June 2018

| | Admin | Operations | Expo | Fair | TOTAL |
|---|-------------|-------------|------------|-------------|--------------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| Administration Revenue | 36,041.11 | 0.00 | 0.00 | 0.00 | 36,041.11 |
| Expo Center Revenue | 0.00 | 0.00 | 847,337.39 | 0.00 | 847,337.39 |
| State Fair Revenue | 0.00 | 0.00 | 0.00 | 50,305.00 | 50,305.00 |
| Total Income | 36,041.11 | 0.00 | 847,337.39 | 50,305.00 | 933,683.50 |
| Gross Profit | 36,041.11 | 0.00 | 847,337.39 | 50,305.00 | 933,683.50 |
| Expense | | | | | |
| Salaries & Wages - Permanent | 50,237.78 | 59,386.80 | 68,535.80 | 59,868.93 | 238,029.31 |
| Contracted Labor - PT/Snl/Te... | 27,614.48 | 18,987.62 | 44,122.80 | 0.00 | 90,724.90 |
| Employee Benefits - ER Exp | 25,404.29 | 4,629.62 | 59.67 | 59.67 | 30,153.25 |
| Payroll Tax - Employer's Share | 4,575.10 | 5,780.42 | 5,555.19 | 6,752.51 | 22,663.22 |
| Professional Services Exp. | 28,874.60 | 16,277.37 | 44,434.80 | 0.00 | 89,586.77 |
| Council Expense | 548.30 | 0.00 | 0.00 | 0.00 | 548.30 |
| Travel/Training/Relocation - ... | 12,869.26 | 25.65 | 0.00 | 3,666.08 | 16,560.99 |
| Supplies & Expenses | 19,265.48 | 26,378.98 | 3,808.04 | 1,402.13 | 50,854.63 |
| Dues and Subscriptions | 270.00 | 0.00 | 0.00 | 0.00 | 270.00 |
| Insurance | 8,526.91 | 4,399.91 | 8,799.84 | 8,799.84 | 30,526.50 |
| Utilities-Elec,Gas,Water, Trash | 0.00 | 284,270.14 | 0.00 | 0.00 | 284,270.14 |
| Maint. and Repairs of Equip... | 0.00 | 7,863.99 | 0.00 | 0.00 | 7,863.99 |
| Maint. of Buildings and Grou... | 0.00 | 182,395.33 | 1,353.00 | 0.00 | 183,748.33 |
| Special Repairs & Maint. | 0.00 | 786.32 | 0.00 | 0.00 | 786.32 |
| Marketing Expenses | 939.99 | 0.00 | 5,506.06 | 0.00 | 6,446.05 |
| Vehicle Expenses | 17.38 | 3,637.04 | 747.15 | 0.00 | 4,401.57 |
| Bank Fees | 6,621.70 | 0.00 | 5,033.14 | 11,675.62 | 23,330.46 |
| Equipment Purchase <\$5k | 210.00 | 3,399.98 | 0.00 | 199.90 | 3,809.88 |
| Permits, Licenses | 0.00 | 235.20 | 0.00 | 0.00 | 235.20 |
| State Fair Administrative Exp. | 0.00 | 0.00 | 0.00 | 74,957.53 | 74,957.53 |
| State Fair Marketing Expenses | 0.00 | 0.00 | 0.00 | 231,575.28 | 231,575.28 |
| State Fair Operations Expen... | 0.00 | 0.00 | 0.00 | 21,704.20 | 21,704.20 |
| State Fair Attractions Expen... | 0.00 | 0.00 | 0.00 | 31,350.00 | 31,350.00 |
| State Fair Exhibits Expenses | 0.00 | 0.00 | 0.00 | 80,882.51 | 80,882.51 |
| Total Expense | 185,975.27 | 618,454.37 | 187,955.49 | 532,894.20 | 1,525,279.33 |
| Net Ordinary Income | -149,934.16 | -618,454.37 | 659,381.90 | -482,589.20 | -591,595.83 |

07/20/18
Accrual Basis

Oregon State Fair Council
Profit & Loss by Class - Exclude NonCash
January through June 2018

| | <u>Admin</u> | <u>Operations</u> | <u>Expo</u> | <u>Fair</u> | <u>TOTAL</u> |
|---------------------------------|--------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| Other Income | 253,824.75 | 0.00 | 0.00 | 0.00 | 253,824.75 |
| Total Other Income | 253,824.75 | 0.00 | 0.00 | 0.00 | 253,824.75 |
| Other Expense | | | | | |
| Other Expenses | 0.00 | 605.00 | 0.00 | 0.00 | 605.00 |
| Special Projects Expense | 0.00 | 117,168.09 | 0.00 | 0.00 | 117,168.09 |
| 90700 - Bond Project Exp | 0.00 | 38,765.24 | 0.00 | 0.00 | 38,765.24 |
| Total Other Expense | 0.00 | 156,538.33 | 0.00 | 0.00 | 156,538.33 |
| Net Other Income | 253,824.75 | -156,538.33 | 0.00 | 0.00 | 97,286.42 |
| Net Income | <u><u>103,890.59</u></u> | <u><u>-774,992.70</u></u> | <u><u>659,381.90</u></u> | <u><u>-482,589.20</u></u> | <u><u>-494,309.41</u></u> |

07/20/18
Accrual Basis

Oregon State Fair Council
Profit & Loss by Class - NonCash Trade Only
January through June 2018

| | <u>NonCash-Trade</u> | <u>TOTAL</u> |
|---------------------------------------|----------------------|--------------|
| Ordinary Income/Expense | | |
| Income | | |
| Operations Revenue | 17,247.36 | 17,247.36 |
| Total Income | 17,247.36 | 17,247.36 |
| Gross Profit | 17,247.36 | 17,247.36 |
| Expense | | |
| Maint. of Buildings and Gro... | 17,247.36 | 17,247.36 |
| Total Expense | 17,247.36 | 17,247.36 |
| Net Ordinary Income | 0.00 | 0.00 |
| Net Income | 0.00 | 0.00 |



Oregon State Fair Council Meeting – July 26, 2018

Agenda Item: X.a.ii. [For Action] Discussion and Action Regarding Fixed Asset Policy

Background:

The Oregon Legislature passed SB 384 in 2017 which enacted amendments to ORS regarding ownership of various assets that are under the care, custody and control of the Oregon State Fair Council (OSFC), and to enable OSFC to capitalize expenditures made to both “real property” owned by the Oregon Department of Administrative Services (DAS) and “personal property” owned by OSFC, for the purpose of calculating profit or loss from OSFC operations and activities. In this regard, as amended by SB 384, ORS now states in part:

ORS 565.495 (1) *Except as the State Fair Council and the Oregon Department of Administrative Services otherwise agree in writing, the Council owns any fairgrounds properties and facilities that are not real property. The Department owns fairground properties and facilities that are real property and owns other fairground properties and facilities as agreed to with the Council in writing. However, if the Council expends moneys for the construction, repair, remodeling or maintenance of, or other long-term benefit to, fairground properties and facilities that are real property, the Council may capitalize those expenditures for purposes of determining net profit or loss from conducting the Oregon State Fair, carrying out fairgrounds business operations and operating fairground properties and facilities.*

The amendments to ORS 565.495 by section 1 of this 2017 Act: a) Apply to State Fair Council expenditures made before, on or after the effective date of this Act.

OSFC has reflected its capital investments on its balance sheet since it commenced operating on January 1, 2015 for tracking and information purposes, using an informal threshold of capital expenditures of \$5,000 or more. Now that OSFC is permitted by law to capitalize its investment in “real” and “personal” property, it is necessary to adopt a policy to account for assets and depreciation, and to periodically determine the value and condition of the Agency’s assets in order to recognize the value of those assets.

Attached is a Draft Fixed Asset Policy for the Council’s consideration.

Recommendation:

Review and approve the proposed Fixed Asset Policy as presented.

OREGON STATE FAIR COUNCIL FIXED ASSETS POLICY

Policy:

To maintain an inventory of the OSFEC's property, plant and equipment, to properly account for assets and depreciation, and to periodically determine the value and condition of the Agency's assets in order to recognize value for the Agency's assets.

Procedure:

1. It is the OSFEC's policy to capitalize all assets having a specific value, purchased or donated with an expected life exceeding one year as shown below:
 - Leasehold Improvements \$5,000
 - Land Improvements \$5,000
 - Building and Building Improvements \$5,000
 - Vehicles \$5,000
 - Furniture, Fixtures & Equipment \$2,500
2. Assets with less cost (there may be exceptions) will be expensed in the period purchased.
3. When assets are purchased, they are expensed to the Capital Fund. At the end of each fiscal year, expenditures will be reviewed by the OSFEC's management, who will determine which assets qualify as fixed assets. Those will be reversed from the operating expense, capitalized in the general ledger, and recorded in the Fixed Assets database.

Also, as part of this year-end review, all "significant value" donations and or trade transactions are reviewed and may be capitalized if appropriate.
4. Annually, OSFEC will conduct a complete inventory of its fixed assets, which will be reconciled to the Fixed Assets accounts and disclosed to the OSFEC Council. Adjustments will be made to the Fixed Assets accounts, as needed. Any significant issues will be disclosed to the OSFEC Council.

Depreciation

1. All capitalized assets are depreciated in the preparation of the Annual Financial statements. If assets are impaired or removed from service, they will be written down or written off if not fully depreciated.
2. OSFEC will depreciate all assets using the straight-line method, in accordance with the Internal Revenue Service guidelines (see attached) with exception of IT related assets. All IT related assets will be depreciated over a 3 year lifecycle.

Disposal of assets

Sale or disposal of assets requires approval by the OSFEC CEO. The assets, if not fully depreciated, are written off and gain or loss is recognized.

Appendix B — Table of Class Lives and Recovery Periods

The *Table of Class Lives and Recovery Periods* has two sections. The first section, *Specific Depreciable Assets Used In All Business Activities, Except As Noted*, generally lists assets used in all business activities. It is shown as Table B-1. The second section, *Depreciable Assets Used In The Following Activities*, describes assets used only in certain activities. It is shown as Table B-2.

How To Use the Tables

You will need to look at both Table B-1 and B-2 to find the correct recovery period. Generally, if the property is listed in Table B-1 you use the recovery period shown in that table. However, if the property is specifically listed in Table B-2 under the type of activity in which it is used, you use the recovery period listed under the activity in that table. Use the tables in the order shown below to determine the recovery period of your depreciable property.

Table B-1. Check Table B-1 for a description of the property. If it is described in Table B-1, also check Table B-2 to find the activity in which the property is being used. If the activity is described in Table B-2, read the text (if any) under the title to determine if the property is specifically included in that asset class. If it is, use the recovery period shown in the appropriate column of Table B-2 following the description of the activity. If the activity is not described in Table B-2 or if the activity is described but the property either is not specifically included in or is specifically excluded from that asset class, then use the recovery period shown in the appropriate column following the description of the property in Table B-1.

Tax-exempt use property subject to a lease. The recovery period for ADS cannot be less than 125% of the lease term for any property leased under a leasing arrangement to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership).

Table B-2. If the property is not listed in Table B-1, check Table B-2 to find the activity in which the property is being used and use the recovery period shown in the appropriate column following the description.

Property not in either table. If the activity or the property is not included in either table, check the end of Table B-2 to find *Certain Property for Which Recovery Periods Assigned*. This property generally has a recovery period of 7 years for GDS or 12 years for ADS. See *Which Property Class Applies Under GDS* and *Which Recovery Period Applies* in chapter 4 for the class lives or the recovery periods for GDS and ADS for the following.

- Residential rental property and nonresidential real property (also see Appendix A, Chart 2).
- Qualified rent-to-own property.
- A motorsport entertainment complex placed in service before January 1, 2018.
- Any retail motor fuels outlet.
- Any qualified leasehold improvement property placed in service before January 1, 2018.
- Any qualified restaurant property placed in service before January 1, 2018.
- Initial clearing and grading land improvements for gas utility property and electric utility transmission and distribution plants.
- Any water utility property.
- Certain electric transmission property used in the transmission at 69 or more kilovolts of electricity for sale and placed in service after April 11, 2005.
- Natural gas gathering and distribution lines placed in service after April 11, 2005.

Example 1. Richard Green is a paper manufacturer. During the year, he made substantial improvements to the land on which his paper plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and

finds his activity, paper manufacturing, under asset class 26.1, *Manufacture of Pulp and Paper*. He uses the recovery period under this asset class because it specifically includes land improvements. The land improvements have a 13-year class life and a 7-year recovery period for GDS. If he elects to use ADS, the recovery period is 13 years. If Richard only looked at Table B-1, he would select asset class 00.3, *Land Improvements*, and incorrectly use a recovery period of 15 years for GDS or 20 years for ADS.

Example 2. Sam Plower produces rubber products. During the year, he made substantial improvements to the land on which his rubber plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and finds his activity, producing rubber products, under asset class 30.1, *Manufacture of Rubber Products*. Reading the headings and descriptions under asset class 30.1, Sam finds that it does not include land improvements. Therefore, Sam uses the recovery period under asset class 00.3. The land improvements have a 20-year class life and a 15-year recovery period for GDS. If he elects to use ADS, the recovery period is 20 years.

Example 3. Pam Martin owns a retail clothing store. During the year, she purchased a desk and a cash register for use in her business. She checks Table B-1 and finds office furniture under asset class 00.11. Cash registers are not listed in any of the asset classes in Table B-1. She then checks Table B-2 and finds her activity, retail store, under asset class 57.0, *Distributive Trades and Services*, which includes **assets used in wholesale and retail trade**. This asset class does not specifically list office furniture or a cash register. She looks back at Table B-1 and uses asset class 00.11 for the desk. The desk has a 10-year class life and a 7-year recovery period for GDS. If she elects to use ADS, the recovery period is 10 years. For the cash register, she uses asset class 57.0 because cash registers are not listed in Table B-1 but it is an **asset**

used in her retail business. The cash register has a 9-year class life and a 5-year recovery period for GDS. If she elects to use the ADS method, the recovery period is 9 years.

Table B-1. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|--|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| <i>SPECIFIC DEPRECIABLE ASSETS USED IN ALL BUSINESS ACTIVITIES, EXCEPT AS NOTED:</i> | | | | |
| 00.11 | Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes. | 10 | 7 | 10 |
| 00.12 | Information Systems: Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user. | 6 | 5 | 5 |
| 00.13 | Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment. | 6 | 5 | 6 |
| 00.21 | Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines) | 6 | 5 | 6 |
| 00.22 | Automobiles, Taxis | 3 | 5 | 5 |
| 00.23 | Buses | 9 | 5 | 9 |
| 00.241 | Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds) | 4 | 5 | 5 |
| 00.242 | Heavy General Purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more) | 6 | 5 | 6 |
| 00.25 | Railroad Cars and Locomotives, except those owned by railroad transportation companies | 15 | 7 | 15 |
| 00.26 | Tractor Units for Use Over-The-Road | 4 | 3 | 4 |
| 00.27 | Trailers and Trailer-Mounted Containers | 6 | 5 | 6 |
| 00.28 | Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction | 18 | 10 | 18 |
| 00.3 | Land Improvements: Includes improvements directly to or added to land, whether such improvements are section 1245 property or section 1250 property, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in Class 51), wharves and docks, bridges, fences, landscaping shrubbery, or radio and television transmitting towers. Does not include land improvements that are explicitly included in any other class, and buildings and structural components as defined in section 1.48-1(e) of the regulations. Excludes public utility initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102. | 20 | 15 | 20 |
| 00.4 | Industrial Steam and Electric Generation and/or Distribution Systems: Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|---|--|-----------------------------|-------------|-----|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| <i>DEPRECIABLE ASSETS USED IN THE FOLLOWING ACTIVITIES:</i> | | | | |
| 01.1 | Agriculture: Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries, and fur farms; the performance of agriculture, animal husbandry, and horticultural services. | 10 | 7 | 10 |
| 01.11 | Cotton Ginning Assets | 12 | 7 | 12 |
| 01.21 | Cattle, Breeding or Dairy | 7 | 5 | 7 |
| 01.221 | Any breeding or work horse that is 12 years old or less at the time it is placed in service** | 10 | 7 | 10 |
| 01.222 | Any breeding or work horse that is more than 12 years old at the time it is placed in service** | 10 | 3 | 10 |
| 01.223 | Any race horse that is more than 2 years old at the time it is placed in service** | * | 3 | 12 |
| 01.224 | Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222** | * | 3 | 12 |
| 01.225 | Any horse not described in classes 01.221, 01.222, 01.223, or 01.224 | * | 7 | 12 |
| 01.23 | Hogs, Breeding | 3 | 3 | 3 |
| 01.24 | Sheep and Goats, Breeding | 5 | 5 | 5 |
| 01.3 | Farm buildings except structures included in Class 01.4 | 25 | 20 | 25 |
| 01.4 | Single purpose agricultural or horticultural structures (within the meaning of section 168(i)(13) of the Code) | 15 | 10*** | 15 |
| 10.0 | Mining: Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation and other primary preparation of such materials. | 10 | 7 | 10 |
| 13.0 | Offshore Drilling: Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats and crewboats. Excludes oil and gas production assets. | 7.5 | 5 | 7.5 |
| 13.1 | Drilling of Oil and Gas Wells: Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning of wells and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account. | 6 | 5 | 6 |
| 13.2 | Exploration for and Production of Petroleum and Natural Gas Deposits: Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in Class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in Class 49.23), and liquid holding or storage facilities (other than those classified in Class 49.25). Does not include support vessels. | 14 | 7 | 14 |
| 13.3 | Petroleum Refining: Includes assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components. | 16 | 10 | 16 |
| 15.0 | Construction: Includes assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads. | 6 | 5 | 6 |
| 20.1 | Manufacture of Grain and Grain Mill Products: Includes assets used in the production of flours, cereals, livestock feeds, and other grain and grain mill products. | 17 | 10 | 17 |
| 20.2 | Manufacture of Sugar and Sugar Products: Includes assets used in the production of raw sugar, syrup, or finished sugar from sugar cane or sugar beets. | 18 | 10 | 18 |
| 20.3 | Manufacture of Vegetable Oils and Vegetable Oil Products: Includes assets used in the production of oil from vegetable materials and the manufacture of related vegetable oil products. | 18 | 10 | 18 |
| 20.4 | Manufacture of Other Food and Kindred Products: Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2 and 20.3. | 12 | 7 | 12 |
| 20.5 | Manufacture of Food and Beverages—Special Handling Devices: Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3 and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 4 | 3 | 4 |

* Property described in asset classes 01.223, 01.224, and 01.225 are assigned recovery periods but have no class lives.

** A horse is more than 2 (or 12) years old after the day that is 24 (or 144) months after its actual birthdate.

*** 7 if property was placed in service before 1989.

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|--|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 21.0 | Manufacture of Tobacco and Tobacco Products: Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products. | 15 | 7 | 15 |
| 22.1 | Manufacture of Knitted Goods: Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging, are elsewhere classified. | 7.5 | 5 | 7.5 |
| 22.2 | Manufacture of Yarn, Thread, and Woven Fabric: Includes assets used in the production of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jute for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, flocks, and shoddies. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 11 | 7 | 11 |
| 22.3 | Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies: Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sewing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosiery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified. | 9 | 5 | 9 |
| 22.4 | Manufacture of Textile Yarns: Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are false-twist, draw, beam-to-beam, and stuffer box texturing equipment and related high-speed twisters and winders. Assets, as described above, which are used to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 8 | 5 | 8 |
| 22.5 | Manufacture of Nonwoven Fabrics: Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof other than natural hydration bonding as occurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make flocked and needle punched products other than carpets and rugs. Assets, as described above, which are used to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 10 | 7 | 10 |
| 23.0 | Manufacture of Apparel and Other Finished Products: Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather. | 9 | 5 | 9 |
| 24.1 | Cutting of Timber: Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account. | 6 | 5 | 6 |
| 24.2 | Sawing of Dimensional Stock from Logs: Includes machinery and equipment installed in permanent or well established sawmills. | 10 | 7 | 10 |
| 24.3 | Sawing of Dimensional Stock from Logs: Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities. | 6 | 5 | 6 |
| 24.4 | Manufacture of Wood Products, and Furniture: Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber. | 10 | 7 | 10 |
| 26.1 | Manufacture of Pulp and Paper: Includes assets for pulp materials handling and storage, pulp mill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, used for the recovery and regeneration of chemicals used in manufacturing. Does not include assets used either in pulpwood logging, or in the manufacture of hardboard. | 13 | 7 | 13 |

Table B-2. **Table of Class Lives and Recovery Periods**

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 26.2 | Manufacture of Converted Paper, Paperboard, and Pulp Products: Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified. | 10 | 7 | 10 |
| 27.0 | Printing, Publishing, and Allied Industries: Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping; and the publication of newspapers, books, and periodicals. | 11 | 7 | 11 |
| 28.0 | Manufacture of Chemicals and Allied Products: Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants. | 9.5 | 5 | 9.5 |
| 30.1 | Manufacture of Rubber Products: Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires, tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires. | 14 | 7 | 14 |
| 30.11 | Manufacture of Rubber Products—Special Tools and Devices: Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment. | 4 | 3 | 4 |
| 30.2 | Manufacture of Finished Plastic Products: Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records. | 11 | 7 | 11 |
| 30.21 | Manufacture of Finished Plastic Products—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3.5 | 3 | 3.5 |
| 31.0 | Manufacture of Leather and Leather Products: Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage. | 11 | 7 | 11 |
| 32.1 | Manufacture of Glass Products: Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware and fiberglass. Does not include assets used in the manufacture of lenses. | 14 | 7 | 14 |
| 32.11 | Manufacture of Glass Products—Special Tools: Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 2.5 | 3 | 2.5 |
| 32.2 | Manufacture of Cement: Includes assets used in the production of cement, but does not include assets used in the manufacture of concrete and concrete products nor in any mining or extraction process. | 20 | 15 | 20 |
| 32.3 | Manufacture of Other Stone and Clay Products: Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes. | 15 | 7 | 15 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 33.2 | Manufacture of Primary Nonferrous Metals: Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. | 14 | 7 | 14 |
| 33.21 | Manufacture of Primary Nonferrous Metals—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 33.2, Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels and refractories are not included in class 33.21 but are included in class 33.2. | 6.5 | 5 | 6.5 |
| 33.3 | Manufacture of Foundry Products: Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools and related land improvements. | 14 | 7 | 14 |
| 33.4 | Manufacture of Primary Steel Mill Products: Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used by steel service centers, ferrous metal forges, and assets used in coke production, regardless of ownership. Also includes related land improvements and all special tools used in the above activities. | 15 | 7 | 15 |
| 34.0 | Manufacture of Fabricated Metal Products: Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus. | 12 | 7 | 12 |
| 34.01 | Manufacture of Fabricated Metal Products—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and returnable containers and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3 | 3 | 3 |
| 35.0 | Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products: Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, electrical power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines (except those elsewhere classified), turbines (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forgings, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly, or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4 and assets elsewhere classified. | 10 | 7 | 10 |
| 36.0 | Manufacture of Electronic Components, Products, and Systems: Includes assets used in the manufacture of electronic communication, computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electron tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 36.1. | 6 | 5 | 6 |
| 36.1 | Any Semiconductor Manufacturing Equipment | 5 | 5 | 5 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|-------------|---|-----------------------------|-------------|------|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| 37.11 | Manufacture of Motor Vehicles: Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified elsewhere. Includes assets used in manufacturing activities elsewhere classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, e.g., does not include any assets classified in asset guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only if 75 percent or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles. | 12 | 7 | 12 |
| 37.12 | Manufacture of Motor Vehicles—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and powerdriven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3 | 3 | 3 |
| 37.2 | Manufacture of Aerospace Products: Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test, navigation, and communication equipment or the components thereof. | 10 | 7 | 10 |
| 37.31 | Ship and Boat Building Machinery and Equipment: Includes assets used in the manufacture of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in asset class 37.32. Excludes buildings and their structural components. | 12 | 7 | 12 |
| 37.32 | Ship and Boat Building Dry Docks and Land Improvements: Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.31 and 37.33. Specifically includes floating and fixed dry docks, ship basins, graving docks, shipways, piers, and all other land improvements such as water, sewer, and electric systems. Excludes buildings and their structural components. | 16 | 10 | 16 |
| 37.33 | Ship and Boat Building—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 6.5 | 5 | 6.5 |
| 37.41 | Manufacture of Locomotives: Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives. | 11.5 | 7 | 11.5 |
| 37.42 | Manufacture of Railroad Cars: Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars. | 12 | 7 | 12 |
| 39.0 | Manufacture of Athletic, Jewelry, and Other Goods: Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc. Railroad Transportation: Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated as electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes any non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class. | 12 | 7 | 12 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|--|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 40.1 | Railroad Machinery and Equipment: Includes assets classified in the following Interstate Commerce Commission accounts: Roadway accounts: (16) Station and office buildings (freight handling machinery and equipment only) (25) TOFC/COFC terminals (freight handling machinery and equipment only) (26) Communication systems (27) Signals and interlockers (37) Roadway machines (44) Shop machinery Equipment accounts: (52) Locomotives (53) Freight train cars (54) Passenger train cars (57) Work equipment | 14 | 7 | 14 |
| 40.2 | Railroad Structures and Similar Improvements: Includes assets classified in the following Interstate Commerce Commission road accounts: (6) Bridges, trestles, and culverts (7) Elevated structures (13) Fences, snowsheds, and signs (16) Station and office buildings (stations and other operating structures only) (17) Roadway buildings (18) Water stations (19) Fuel stations (20) Shops and enginehouses (25) TOFC/COFC terminals (operating structures only) (31) Power transmission systems (35) Miscellaneous structures (39) Public improvements construction | 30 | 20 | 30 |
| 40.3 | Railroad Wharves and Docks: Includes assets classified in the following Interstate Commerce Commission accounts: (23) Wharves and docks (24) Coal and ore wharves | 20 | 15 | 20 |
| 40.4 | Railroad Track | 10 | 7 | 10 |
| 40.51 | Railroad Hydraulic Electric Generating Equipment | 50 | 20 | 50 |
| 40.52 | Railroad Nuclear Electric Generating Equipment | 20 | 15 | 20 |
| 40.53 | Railroad Steam Electric Generating Equipment | 28 | 20 | 28 |
| 40.54 | Railroad Steam, Compressed Air, and Other Power Plan Equipment | 28 | 20 | 28 |
| 41.0 | Motor Transport—Passengers: Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2. | 8 | 5 | 8 |
| 42.0 | Motor Transport—Freight: Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2. | 8 | 5 | 8 |
| 44.0 | Water Transportation: Includes assets used in the commercial and contract carrying of freight and passengers by water except the transportation assets included in classes with the prefix 00.2. Includes all related land improvements. | 20 | 15 | 20 |
| 45.0 | Air Transport: Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)-11(d)(2)(iv)(a) of the regulations, expenditures for "repair, maintenance, rehabilitation, or improvement," shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not "excluded additions" as defined in section 1.167(a)-11(d)(2)(vi) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts. | 12 | 7 | 12 |
| 45.1 | Air Transport (restricted): Includes each asset described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contract concept is to be applied in the same manner as under the general rules expressed in section 49(b)(1), (4), (5) and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978-3 C.B. 1, 60). | 6 | 5 | 6 |
| 46.0 | Pipeline Transportation: Includes assets used in the private, commercial, and contract carrying of petroleum, gas and other products by means of pipes and conveyors. The trunk lines and related storage facilities of integrated petroleum and natural gas producers are included in this class. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2; C.B. 102, but includes all other related land improvements. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|-------------|---|-----------------------------|-------------|------|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| 48.11 | Telephone Communications: Includes the assets classified below and that are used in the provision of commercial and contract telephonic services such as: Telephone Central Office Buildings: Includes assets intended to house central office equipment, as defined in Federal Communications Commission Part 31 Account No. 212 whether section 1245 or section 1250 property. | 45 | 20 | 45 |
| 48.12 | Telephone Central Office Equipment: Includes central office switching and related equipment as defined in Federal Communications Commission Part 31 Account No. 221. Does not include computer-based telephone central office switching equipment included in class 48.121. Does not include private branch exchange (PBX) equipment. | 18 | 10 | 18 |
| 48.121 | Computer-based Telephone Central Office Switching Equipment: Includes equipment whose functions are those of a computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment. | 9.5 | 5 | 9.5 |
| 48.13 | Telephone Station Equipment: Includes such station apparatus and connections as teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communications Commission Part 31 Account No. 231, 232, and 234. | 10 | 7* | 10* |
| 48.14 | Telephone Distribution Plant: Includes such assets as pole lines, cable, aerial wire, underground conduits, and comparable equipment, and related land improvements as defined in Federal Communications Commission Part 31 Account Nos. 241, 242.1, 242.2, 242.3, 242.4, 243, and 244. | 24 | 15 | 24 |
| 48.2 | Radio and Television Broadcastings: Includes assets used in radio and television broadcasting, except transmitting towers. Telegraph, Ocean Cable, and Satellite Communications (TOCSC) includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in Classes 48.31-48.45 is comparable to telephone distribution plant described in Class 48.14 and used for 2-way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1-way communication. | 6 | 5 | 6 |
| 48.31 | TOCSC—Electric Power Generating and Distribution Systems: Includes assets used in the provision of electric power by generation, modulation, rectification, channelization, control, and distribution. Does not include these assets when they are installed on customers premises. | 19 | 10 | 19 |
| 48.32 | TOCSC—High Frequency Radio and Microwave Systems: Includes assets such as transmitters and receivers, antenna supporting structures, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems. | 13 | 7 | 13 |
| 48.33 | TOCSC—Cable and Long-line Systems: Includes assets such as transmission lines, pole lines, ocean cables, buried cable and conduit, repeaters, repeater stations, and other related assets. Does not include high frequency radio or microwave systems. | 26.5 | 20 | 26.5 |
| 48.34 | TOCSC—Central Office Control Equipment: Includes assets for general control, switching, and monitoring of communications signals including electromechanical switching and channeling apparatus, multiplexing equipment patching and monitoring facilities, in-house cabling, teleprinter equipment, and associated site improvements. | 16.5 | 10 | 16.5 |
| 48.35 | TOCSC—Computerized Switching, Channeling, and Associated Control Equipment: Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements. | 10.5 | 7 | 10.5 |
| 48.36 | TOCSC—Satellite Ground Segment Property: Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property. | 10 | 7 | 10 |
| 48.37 | TOCSC—Satellite Space Segment Property: Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications. | 8 | 5 | 8 |
| 48.38 | TOCSC—Equipment Installed on Customer's Premises: Includes assets installed on customer's premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment and other associated and related equipment. | 10 | 7 | 10 |
| 48.39 | TOCSC—Support and Service Equipment: Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools, and test and laboratory assets. Cable Television (CATV): Includes communications-related assets used to provide cable television community antenna television services. Does not include assets used to provide subscribers with two-way communications services. | 13.5 | 7 | 13.5 |

* Property described in asset guideline class 48.13 which is qualified technological equipment as defined in section 168(i)(2) is assigned a 5-year recovery period.

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 48.41 | CATV—Headend: Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend buildings and program origination assets. | 11 | 7 | 11 |
| 48.42 | CATV—Subscriber Connection and Distribution Systems: Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and converters. | 10 | 7 | 10 |
| 48.43 | CATV—Program Origination: Includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components. | 9 | 5 | 9 |
| 48.44 | CATV—Service and Test: Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles. | 8.5 | 5 | 8.5 |
| 48.45 | CATV—Microwave Systems: Includes assets such as towers, antennas, transmitting and receiving equipment, and broad band microwave assets is used in the provision of cable television services. Does not include assets used in the provision of common carrier services. | 9.5 | 5 | 9.5 |
| 49.11 | Electric, Gas, Water and Steam, Utility Services: Includes assets used in the production, transmission and distribution of electricity, gas, steam, or water for sale including related land improvements. Electric Utility Hydraulic Production Plant: Includes assets used in the hydraulic power production of electricity for sale, including related land improvements, such as dams, flumes, canals, and waterways. | 50 | 20 | 50 |
| 49.12 | Electric Utility Nuclear Production Plant: Includes assets used in the nuclear power production and electricity for sale and related land improvements. Does not include nuclear fuel assemblies. | 20 | 15 | 20 |
| 49.121 | Electric Utility Nuclear Fuel Assemblies: Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor used in the production of electricity. Does not include nuclear fuel assemblies used in breeder reactors. | 5 | 5 | 5 |
| 49.13 | Electric Utility Steam Production Plant: Includes assets used in the steam power production of electricity for sale, combustion turbines operated in a combined cycle with a conventional steam unit and related land improvements. Also includes package boilers, electric generators and related assets such as electricity and steam distribution systems as used by a waste reduction and resource recovery plant if the steam or electricity is normally for sale to others. | 28 | 20 | 28 |
| 49.14 | Electric Utility Transmission and Distribution Plant: Includes assets used in the transmission and distribution of electricity for sale and related land improvements. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102. | 30 | 20 | 30 |
| 49.15 | Electric Utility Combustion Turbine Production Plant: Includes assets used in the production of electricity for sale by the use of such prime movers as jet engines, combustion turbines, diesel engines, gasoline engines, and other internal combustion engines, their associated power turbines and/or generators, and related land improvements. Does not include combustion turbines operated in a combined cycle with a conventional steam unit. | 20 | 15 | 20 |
| 49.21 | Gas Utility Distribution Facilities: Includes gas water heaters and gas conversion equipment installed by utility on customers' premises on a rental basis. | 35 | 20 | 35 |
| 49.221 | Gas Utility Manufactured Gas Production Plants: Includes assets used in the manufacture of gas having chemical and/or physical properties which do not permit complete interchangeability with domestic natural gas. Does not include gas-producing systems and related systems used in waste reduction and resource recovery plants which are elsewhere classified. | 30 | 20 | 30 |
| 49.222 | Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks): Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas. | 14 | 7 | 14 |
| 49.223 | Substitute Natural Gas—Coal Gasification: Includes assets used in the manufacture and production of pipeline quality gas from coal using the basic Lurgi process with advanced methanation. Includes all process plant equipment and structures used in this coal gasification process and all utility assets such as cooling systems, water supply and treatment facilities, and assets used in the production and distribution of electricity and steam for use by the taxpayer in a gasification plant and attendant coal mining site processes but not for assets used in the production and distribution of electricity and steam for sale to others. Also includes all other related land improvements. Does not include assets used in the direct mining and treatment of coal prior to the gasification process itself. | 18 | 10 | 18 |
| 49.23 | Natural Gas Production Plant | 14 | 7 | 14 |
| 49.24 | Gas Utility Trunk Pipelines and Related Storage Facilities: Excluding initial clearing and grading land improvements as specified in Rev. Rul. 72-40. | 22 | 15 | 22 |
| 49.25 | Liquefied Natural Gas Plant: Includes assets used in the liquefaction, storage, and regasification of natural gas including loading and unloading connections, instrumentation equipment and controls, pumps, vaporizers and odorizers, tanks, and related land improvements. Also includes pipeline interconnections with gas transmission lines and distribution systems and marine terminal facilities. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|--------------------------------|
| | | | GDS (MACRS) | ADS |
| 49.3 | Water Utilities: Includes assets used in the gathering, treatment, and commercial distribution of water. | 50 | 20** | 50 |
| 49.4 | Central Steam Utility Production and Distribution: Includes assets used in the production and distribution of steam for sale. Does not include assets used in waste reduction and resource recovery plants which are elsewhere classified. | 28 | 20 | 28 |
| 49.5 | Waste Reduction and Resource Recovery Plants: Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas pyrolysis system, or refuse derived fuel system to create hot water, gas, steam and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling and other related land improvements of a waste reduction and resource recovery plant. | 10 | 7 | 10 |
| 50. | Municipal Wastewater Treatment Plant | 24 | 15 | 24 |
| 51. | Municipal Sewer | 50 | 20*** | 50 |
| 57.0 | Distributive Trades and Services: Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products. | 9 | 5 | 9* |
| 57.1 | Distributive Trades and Services—Billboard, Service Station Buildings and Petroleum Marketing Land Improvements: Includes section 1250 assets, including service station buildings and depreciable land improvements, whether section 1245 property or section 1250 property, used in the marketing of petroleum and petroleum products, but not including any of these facilities related to petroleum and natural gas trunk pipelines. Includes car wash buildings and related land improvements. Includes billboards, whether such assets are section 1245 property or section 1250 property. Excludes all other land improvements, buildings and structural components as defined in section 1.48-1(e) of the regulations. See <i>Gas station convenience stores</i> in chapter 3. | 20 | 15 | 20 |
| 79.0 | Recreation: Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billiard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadia, race tracks, ski slopes, and buildings which house the assets used in entertainment services. | 10 | 7 | 10 |
| 80.0 | Theme and Amusement Parks: Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (e.g., parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (e.g., food and beverage retailing, souvenir vending and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose trucks, cars, airplanes, etc., which are included in asset guideline classes with the prefix 00.2), assets used in the provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels and motels. | 12.5 | 7 | 12.5 |
| | Certain Property for Which Recovery Periods Assigned | | | |
| | A. Personal Property With No Class Life Section 1245 Real Property With No Class Life | | 7 7 | 12 40 |
| | B. Qualified Technological Equipment, as defined in section 168(f)(2). | ** | 5 | 5 |
| | C. Property Used in Connection with Research and Experimentation referred to in section 168(e)(3)(B). | ** | 5 | class life if no class life—12 |
| | D. Alternative energy property described in sections 48(l)(3)(A)(ix) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990). | ** | 5 | class life if no class life—12 |
| | E. Biomass property described in section 48(l)(15) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990) and is a qualifying small production facility within the meaning of section 3(17)(c) of the Federal Power Act (16 U.S.C. 796(17)(C)), as in effect on September 1, 1986. | ** | 5 | class life if no class life—12 |
| | F. Energy property described in section 48(a)(3)(A) (or would be described if "solar or wind energy" were substituted for "solar energy" in section 48(a)(3)(A)(i)). | ** | 5 | class life if no class life—12 |

* Any high technology medical equipment as defined in section 168(f)(2)(C) which is described in asset guideline class 57.0 is assigned a 5-year recovery period for the alternate MACRS method.

** The class life (if any) of property described in classes B, C, D, E, or F is determined by reference to the asset guideline classes. If an item of property described in paragraphs B, C, D, E, or F is not described in any asset guideline class, such item of property has no class life.

*** Use straight line over 25 years if placed in service after June 12, 1996, unless placed in service under a binding contract in effect before June 10, 1996, and at all times until placed in service.

Appendix B — Table of Class Lives and Recovery Periods

The *Table of Class Lives and Recovery Periods* has two sections. The first section, *Specific Depreciable Assets Used In All Business Activities, Except As Noted*, generally lists assets used in all business activities. It is shown as Table B-1. The second section, *Depreciable Assets Used In The Following Activities*, describes assets used only in certain activities. It is shown as Table B-2.

How To Use the Tables

You will need to look at both Table B-1 and B-2 to find the correct recovery period. Generally, if the property is listed in Table B-1 you use the recovery period shown in that table. However, if the property is specifically listed in Table B-2 under the type of activity in which it is used, you use the recovery period listed under the activity in that table. Use the tables in the order shown below to determine the recovery period of your depreciable property.

Table B-1. Check Table B-1 for a description of the property. If it is described in Table B-1, also check Table B-2 to find the activity in which the property is being used. If the activity is described in Table B-2, read the text (if any) under the title to determine if the property is specifically included in that asset class. If it is, use the recovery period shown in the appropriate column of Table B-2 following the description of the activity. If the activity is not described in Table B-2 or if the activity is described but the property either is not specifically included in or is specifically excluded from that asset class, then use the recovery period shown in the appropriate column following the description of the property in Table B-1.

Tax-exempt use property subject to a lease. The recovery period for ADS cannot be less than 125% of the lease term for any property leased under a leasing arrangement to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership).

Table B-2. If the property is not listed in Table B-1, check Table B-2 to find the activity in which the property is being used and use the recovery period shown in the appropriate column following the description.

Property not in either table. If the activity or the property is not included in either table, check the end of Table B-2 to find *Certain Property for Which Recovery Periods Assigned*. This property generally has a recovery period of 7 years for GDS or 12 years for ADS. See *Which Property Class Applies Under GDS* and *Which Recovery Period Applies* in chapter 4 for the class lives or the recovery periods for GDS and ADS for the following.

- Residential rental property and nonresidential real property (also see Appendix A, Chart 2).
- Qualified rent-to-own property.
- A motorsport entertainment complex placed in service before January 1, 2018.
- Any retail motor fuels outlet.
- Any qualified leasehold improvement property placed in service before January 1, 2018.
- Any qualified restaurant property placed in service before January 1, 2018.
- Initial clearing and grading land improvements for gas utility property and electric utility transmission and distribution plants.
- Any water utility property.
- Certain electric transmission property used in the transmission at 69 or more kilovolts of electricity for sale and placed in service after April 11, 2005.
- Natural gas gathering and distribution lines placed in service after April 11, 2005.

Example 1. Richard Green is a paper manufacturer. During the year, he made substantial improvements to the land on which his paper plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and

finds his activity, paper manufacturing, under asset class 26.1, *Manufacture of Pulp and Paper*. He uses the recovery period under this asset class because it specifically includes land improvements. The land improvements have a 13-year class life and a 7-year recovery period for GDS. If he elects to use ADS, the recovery period is 13 years. If Richard only looked at Table B-1, he would select asset class 00.3, *Land Improvements*, and incorrectly use a recovery period of 15 years for GDS or 20 years for ADS.

Example 2. Sam Plower produces rubber products. During the year, he made substantial improvements to the land on which his rubber plant is located. He checks Table B-1 and finds land improvements under asset class 00.3. He then checks Table B-2 and finds his activity, producing rubber products, under asset class 30.1, *Manufacture of Rubber Products*. Reading the headings and descriptions under asset class 30.1, Sam finds that it does not include land improvements. Therefore, Sam uses the recovery period under asset class 00.3. The land improvements have a 20-year class life and a 15-year recovery period for GDS. If he elects to use ADS, the recovery period is 20 years.

Example 3. Pam Martin owns a retail clothing store. During the year, she purchased a desk and a cash register for use in her business. She checks Table B-1 and finds office furniture under asset class 00.11. Cash registers are not listed in any of the asset classes in Table B-1. She then checks Table B-2 and finds her activity, retail store, under asset class 57.0, *Distributive Trades and Services*, which includes **assets used in wholesale and retail trade**. This asset class does not specifically list office furniture or a cash register. She looks back at Table B-1 and uses asset class 00.11 for the desk. The desk has a 10-year class life and a 7-year recovery period for GDS. If she elects to use ADS, the recovery period is 10 years. For the cash register, she uses asset class 57.0 because cash registers are not listed in Table B-1 but it is an **asset**

used in her retail business. The cash register has a 9-year class life and a 5-year recovery period for GDS. If she elects to use the ADS method, the recovery period is 9 years.

Table B-1. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|--|---|-----------------------------|-------------|-----|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| <i>SPECIFIC DEPRECIABLE ASSETS USED IN ALL BUSINESS ACTIVITIES, EXCEPT AS NOTED:</i> | | | | |
| 00.11 | Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes. | 10 | 7 | 10 |
| 00.12 | Information Systems: Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user. | 6 | 5 | 5 |
| 00.13 | Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment. | 6 | 5 | 6 |
| 00.21 | Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines) | 6 | 5 | 6 |
| 00.22 | Automobiles, Taxis | 3 | 5 | 5 |
| 00.23 | Buses | 9 | 5 | 9 |
| 00.241 | Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds) | 4 | 5 | 5 |
| 00.242 | Heavy General Purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more) | 6 | 5 | 6 |
| 00.25 | Railroad Cars and Locomotives, except those owned by railroad transportation companies | 15 | 7 | 15 |
| 00.26 | Tractor Units for Use Over-The-Road | 4 | 3 | 4 |
| 00.27 | Trailers and Trailer-Mounted Containers | 6 | 5 | 6 |
| 00.28 | Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction | 18 | 10 | 18 |
| 00.3 | Land Improvements: Includes improvements directly to or added to land, whether such improvements are section 1245 property or section 1250 property, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in Class 51), wharves and docks, bridges, fences, landscaping shrubbery, or radio and television transmitting towers. Does not include land improvements that are explicitly included in any other class, and buildings and structural components as defined in section 1.48-1(e) of the regulations. Excludes public utility initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102. | 20 | 15 | 20 |
| 00.4 | Industrial Steam and Electric Generation and/or Distribution Systems: Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|---|--|-----------------------------|-------------|-----|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| <i>DEPRECIABLE ASSETS USED IN THE FOLLOWING ACTIVITIES:</i> | | | | |
| 01.1 | Agriculture: Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries, and fur farms; the performance of agriculture, animal husbandry, and horticultural services. | 10 | 7 | 10 |
| 01.11 | Cotton Ginning Assets | 12 | 7 | 12 |
| 01.21 | Cattle, Breeding or Dairy | 7 | 5 | 7 |
| 01.221 | Any breeding or work horse that is 12 years old or less at the time it is placed in service** | 10 | 7 | 10 |
| 01.222 | Any breeding or work horse that is more than 12 years old at the time it is placed in service** | 10 | 3 | 10 |
| 01.223 | Any race horse that is more than 2 years old at the time it is placed in service** | * | 3 | 12 |
| 01.224 | Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222** | * | 3 | 12 |
| 01.225 | Any horse not described in classes 01.221, 01.222, 01.223, or 01.224 | * | 7 | 12 |
| 01.23 | Hogs, Breeding | 3 | 3 | 3 |
| 01.24 | Sheep and Goats, Breeding | 5 | 5 | 5 |
| 01.3 | Farm buildings except structures included in Class 01.4 | 25 | 20 | 25 |
| 01.4 | Single purpose agricultural or horticultural structures (within the meaning of section 168(i)(13) of the Code) | 15 | 10*** | 15 |
| 10.0 | Mining: Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation and other primary preparation of such materials. | 10 | 7 | 10 |
| 13.0 | Offshore Drilling: Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats and crewboats. Excludes oil and gas production assets. | 7.5 | 5 | 7.5 |
| 13.1 | Drilling of Oil and Gas Wells: Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning of wells and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account. | 6 | 5 | 6 |
| 13.2 | Exploration for and Production of Petroleum and Natural Gas Deposits: Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in Class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in Class 49.23), and liquid holding or storage facilities (other than those classified in Class 49.25). Does not include support vessels. | 14 | 7 | 14 |
| 13.3 | Petroleum Refining: Includes assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components. | 16 | 10 | 16 |
| 15.0 | Construction: Includes assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads. | 6 | 5 | 6 |
| 20.1 | Manufacture of Grain and Grain Mill Products: Includes assets used in the production of flours, cereals, livestock feeds, and other grain and grain mill products. | 17 | 10 | 17 |
| 20.2 | Manufacture of Sugar and Sugar Products: Includes assets used in the production of raw sugar, syrup, or finished sugar from sugar cane or sugar beets. | 18 | 10 | 18 |
| 20.3 | Manufacture of Vegetable Oils and Vegetable Oil Products: Includes assets used in the production of oil from vegetable materials and the manufacture of related vegetable oil products. | 18 | 10 | 18 |
| 20.4 | Manufacture of Other Food and Kindred Products: Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2 and 20.3. | 12 | 7 | 12 |
| 20.5 | Manufacture of Food and Beverages—Special Handling Devices: Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3 and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 4 | 3 | 4 |

* Property described in asset classes 01.223, 01.224, and 01.225 are assigned recovery periods but have no class lives.

** A horse is more than 2 (or 12) years old after the day that is 24 (or 144) months after its actual birthdate.

*** 7 if property was placed in service before 1989.

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|--|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 21.0 | Manufacture of Tobacco and Tobacco Products: Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products. | 15 | 7 | 15 |
| 22.1 | Manufacture of Knitted Goods: Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging, are elsewhere classified. | 7.5 | 5 | 7.5 |
| 22.2 | Manufacture of Yarn, Thread, and Woven Fabric: Includes assets used in the production of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jute for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, flocks, and shoddies. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 11 | 7 | 11 |
| 22.3 | Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies: Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sewing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosiery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified. | 9 | 5 | 9 |
| 22.4 | Manufacture of Textile Yarns: Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are false-twist, draw, beam-to-beam, and stuffer box texturing equipment and related highspeed twisters and winders. Assets, as described above, which are used to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 8 | 5 | 8 |
| 22.5 | Manufacture of Nonwoven Fabrics: Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof other than natural hydration bonding as occurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make flocked and needle punched products other than carpets and rugs. Assets, as described above, which are used to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified. | 10 | 7 | 10 |
| 23.0 | Manufacture of Apparel and Other Finished Products: Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather. | 9 | 5 | 9 |
| 24.1 | Cutting of Timber: Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account. | 6 | 5 | 6 |
| 24.2 | Sawing of Dimensional Stock from Logs: Includes machinery and equipment installed in permanent or well established sawmills. | 10 | 7 | 10 |
| 24.3 | Sawing of Dimensional Stock from Logs: Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities. | 6 | 5 | 6 |
| 24.4 | Manufacture of Wood Products, and Furniture: Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber. | 10 | 7 | 10 |
| 26.1 | Manufacture of Pulp and Paper: Includes assets for pulp materials handling and storage, pulp mill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, used for the recovery and regeneration of chemicals used in manufacturing. Does not include assets used either in pulpwood logging, or in the manufacture of hardboard. | 13 | 7 | 13 |

Table B-2. **Table of Class Lives and Recovery Periods**

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 26.2 | Manufacture of Converted Paper, Paperboard, and Pulp Products: Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified. | 10 | 7 | 10 |
| 27.0 | Printing, Publishing, and Allied Industries: Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping; and the publication of newspapers, books, and periodicals. | 11 | 7 | 11 |
| 28.0 | Manufacture of Chemicals and Allied Products: Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants. | 9.5 | 5 | 9.5 |
| 30.1 | Manufacture of Rubber Products: Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires, tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires. | 14 | 7 | 14 |
| 30.11 | Manufacture of Rubber Products—Special Tools and Devices: Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment. | 4 | 3 | 4 |
| 30.2 | Manufacture of Finished Plastic Products: Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records. | 11 | 7 | 11 |
| 30.21 | Manufacture of Finished Plastic Products—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3.5 | 3 | 3.5 |
| 31.0 | Manufacture of Leather and Leather Products: Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage. | 11 | 7 | 11 |
| 32.1 | Manufacture of Glass Products: Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware and fiberglass. Does not include assets used in the manufacture of lenses. | 14 | 7 | 14 |
| 32.11 | Manufacture of Glass Products—Special Tools: Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 2.5 | 3 | 2.5 |
| 32.2 | Manufacture of Cement: Includes assets used in the production of cement, but does not include assets used in the manufacture of concrete and concrete products nor in any mining or extraction process. | 20 | 15 | 20 |
| 32.3 | Manufacture of Other Stone and Clay Products: Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes. | 15 | 7 | 15 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 33.2 | Manufacture of Primary Nonferrous Metals: Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. | 14 | 7 | 14 |
| 33.21 | Manufacture of Primary Nonferrous Metals—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 33.2, Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels and refractories are not included in class 33.21 but are included in class 33.2. | 6.5 | 5 | 6.5 |
| 33.3 | Manufacture of Foundry Products: Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools and related land improvements. | 14 | 7 | 14 |
| 33.4 | Manufacture of Primary Steel Mill Products: Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used by steel service centers, ferrous metal forges, and assets used in coke production, regardless of ownership. Also includes related land improvements and all special tools used in the above activities. | 15 | 7 | 15 |
| 34.0 | Manufacture of Fabricated Metal Products: Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus. | 12 | 7 | 12 |
| 34.01 | Manufacture of Fabricated Metal Products—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and returnable containers and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3 | 3 | 3 |
| 35.0 | Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products: Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, electrical power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines (except those elsewhere classified), turbines (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forgings, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly, or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4 and assets elsewhere classified. | 10 | 7 | 10 |
| 36.0 | Manufacture of Electronic Components, Products, and Systems: Includes assets used in the manufacture of electronic communication, computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electron tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 36.1. | 6 | 5 | 6 |
| 36.1 | Any Semiconductor Manufacturing Equipment | 5 | 5 | 5 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Recovery Periods (in years) | | |
|-------------|---|-----------------------------|-------------|------|
| | | Class Life (in years) | GDS (MACRS) | ADS |
| 37.11 | Manufacture of Motor Vehicles: Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified elsewhere. Includes assets used in manufacturing activities elsewhere classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, e.g., does not include any assets classified in asset guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only if 75 percent or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles. | 12 | 7 | 12 |
| 37.12 | Manufacture of Motor Vehicles—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and powerdriven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 3 | 3 | 3 |
| 37.2 | Manufacture of Aerospace Products: Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test, navigation, and communication equipment or the components thereof. | 10 | 7 | 10 |
| 37.31 | Ship and Boat Building Machinery and Equipment: Includes assets used in the manufacture of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in asset class 37.32. Excludes buildings and their structural components. | 12 | 7 | 12 |
| 37.32 | Ship and Boat Building Dry Docks and Land Improvements: Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.31 and 37.33. Specifically includes floating and fixed dry docks, ship basins, graving docks, shipways, piers, and all other land improvements such as water, sewer, and electric systems. Excludes buildings and their structural components. | 16 | 10 | 16 |
| 37.33 | Ship and Boat Building—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. | 6.5 | 5 | 6.5 |
| 37.41 | Manufacture of Locomotives: Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives. | 11.5 | 7 | 11.5 |
| 37.42 | Manufacture of Railroad Cars: Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars. | 12 | 7 | 12 |
| 39.0 | Manufacture of Athletic, Jewelry, and Other Goods: Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc. Railroad Transportation: Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated as electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes any non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class. | 12 | 7 | 12 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|--|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 40.1 | Railroad Machinery and Equipment: Includes assets classified in the following Interstate Commerce Commission accounts: Roadway accounts: (16) Station and office buildings (freight handling machinery and equipment only) (25) TOFC/COFC terminals (freight handling machinery and equipment only) (26) Communication systems (27) Signals and interlockers (37) Roadway machines (44) Shop machinery Equipment accounts: (52) Locomotives (53) Freight train cars (54) Passenger train cars (57) Work equipment | 14 | 7 | 14 |
| 40.2 | Railroad Structures and Similar Improvements: Includes assets classified in the following Interstate Commerce Commission road accounts: (6) Bridges, trestles, and culverts (7) Elevated structures (13) Fences, snowsheds, and signs (16) Station and office buildings (stations and other operating structures only) (17) Roadway buildings (18) Water stations (19) Fuel stations (20) Shops and enginehouses (25) TOFC/COFC terminals (operating structures only) (31) Power transmission systems (35) Miscellaneous structures (39) Public improvements construction | 30 | 20 | 30 |
| 40.3 | Railroad Wharves and Docks: Includes assets classified in the following Interstate Commerce Commission accounts: (23) Wharves and docks (24) Coal and ore wharves | 20 | 15 | 20 |
| 40.4 | Railroad Track | 10 | 7 | 10 |
| 40.51 | Railroad Hydraulic Electric Generating Equipment | 50 | 20 | 50 |
| 40.52 | Railroad Nuclear Electric Generating Equipment | 20 | 15 | 20 |
| 40.53 | Railroad Steam Electric Generating Equipment | 28 | 20 | 28 |
| 40.54 | Railroad Steam, Compressed Air, and Other Power Plan Equipment | 28 | 20 | 28 |
| 41.0 | Motor Transport—Passengers: Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2. | 8 | 5 | 8 |
| 42.0 | Motor Transport—Freight: Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2. | 8 | 5 | 8 |
| 44.0 | Water Transportation: Includes assets used in the commercial and contract carrying of freight and passengers by water except the transportation assets included in classes with the prefix 00.2. Includes all related land improvements. | 20 | 15 | 20 |
| 45.0 | Air Transport: Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)-11(d)(2)(iv)(a) of the regulations, expenditures for "repair, maintenance, rehabilitation, or improvement," shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not "excluded additions" as defined in section 1.167(a)-11(d)(2)(vi) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts. | 12 | 7 | 12 |
| 45.1 | Air Transport (restricted): Includes each asset described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contract concept is to be applied in the same manner as under the general rules expressed in section 49(b)(1), (4), (5) and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978-3 C.B. 1, 60). | 6 | 5 | 6 |
| 46.0 | Pipeline Transportation: Includes assets used in the private, commercial, and contract carrying of petroleum, gas and other products by means of pipes and conveyors. The trunk lines and related storage facilities of integrated petroleum and natural gas producers are included in this class. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2; C.B. 102, but includes all other related land improvements. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|------|
| | | | GDS (MACRS) | ADS |
| 48.11 | Telephone Communications: Includes the assets classified below and that are used in the provision of commercial and contract telephonic services such as: Telephone Central Office Buildings: Includes assets intended to house central office equipment, as defined in Federal Communications Commission Part 31 Account No. 212 whether section 1245 or section 1250 property. | 45 | 20 | 45 |
| 48.12 | Telephone Central Office Equipment: Includes central office switching and related equipment as defined in Federal Communications Commission Part 31 Account No. 221. Does not include computer-based telephone central office switching equipment included in class 48.121. Does not include private branch exchange (PBX) equipment. | 18 | 10 | 18 |
| 48.121 | Computer-based Telephone Central Office Switching Equipment: Includes equipment whose functions are those of a computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment. | 9.5 | 5 | 9.5 |
| 48.13 | Telephone Station Equipment: Includes such station apparatus and connections as teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communications Commission Part 31 Account No. 231, 232, and 234. | 10 | 7* | 10* |
| 48.14 | Telephone Distribution Plant: Includes such assets as pole lines, cable, aerial wire, underground conduits, and comparable equipment, and related land improvements as defined in Federal Communications Commission Part 31 Account Nos. 241, 242.1, 242.2, 242.3, 242.4, 243, and 244. | 24 | 15 | 24 |
| 48.2 | Radio and Television Broadcastings: Includes assets used in radio and television broadcasting, except transmitting towers. Telegraph, Ocean Cable, and Satellite Communications (TOCSC) includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in Classes 48.31-48.45 is comparable to telephone distribution plant described in Class 48.14 and used for 2-way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1-way communication. | 6 | 5 | 6 |
| 48.31 | TOCSC—Electric Power Generating and Distribution Systems: Includes assets used in the provision of electric power by generation, modulation, rectification, channelization, control, and distribution. Does not include these assets when they are installed on customers premises. | 19 | 10 | 19 |
| 48.32 | TOCSC—High Frequency Radio and Microwave Systems: Includes assets such as transmitters and receivers, antenna supporting structures, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems. | 13 | 7 | 13 |
| 48.33 | TOCSC—Cable and Long-line Systems: Includes assets such as transmission lines, pole lines, ocean cables, buried cable and conduit, repeaters, repeater stations, and other related assets. Does not include high frequency radio or microwave systems. | 26.5 | 20 | 26.5 |
| 48.34 | TOCSC—Central Office Control Equipment: Includes assets for general control, switching, and monitoring of communications signals including electromechanical switching and channeling apparatus, multiplexing equipment patching and monitoring facilities, in-house cabling, teleprinter equipment, and associated site improvements. | 16.5 | 10 | 16.5 |
| 48.35 | TOCSC—Computerized Switching, Channeling, and Associated Control Equipment: Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements. | 10.5 | 7 | 10.5 |
| 48.36 | TOCSC—Satellite Ground Segment Property: Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property. | 10 | 7 | 10 |
| 48.37 | TOCSC—Satellite Space Segment Property: Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications. | 8 | 5 | 8 |
| 48.38 | TOCSC—Equipment Installed on Customer's Premises: Includes assets installed on customer's premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment and other associated and related equipment. | 10 | 7 | 10 |
| 48.39 | TOCSC—Support and Service Equipment: Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools, and test and laboratory assets. Cable Television (CATV): Includes communications-related assets used to provide cable television community antenna television services. Does not include assets used to provide subscribers with two-way communications services. | 13.5 | 7 | 13.5 |

* Property described in asset guideline class 48.13 which is qualified technological equipment as defined in section 168(i)(2) is assigned a 5-year recovery period.

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|-----|
| | | | GDS (MACRS) | ADS |
| 48.41 | CATV—Headend: Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend buildings and program origination assets. | 11 | 7 | 11 |
| 48.42 | CATV—Subscriber Connection and Distribution Systems: Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and converters. | 10 | 7 | 10 |
| 48.43 | CATV—Program Origination: Includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components. | 9 | 5 | 9 |
| 48.44 | CATV—Service and Test: Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles. | 8.5 | 5 | 8.5 |
| 48.45 | CATV—Microwave Systems: Includes assets such as towers, antennas, transmitting and receiving equipment, and broad band microwave assets is used in the provision of cable television services. Does not include assets used in the provision of common carrier services. | 9.5 | 5 | 9.5 |
| 49.11 | Electric, Gas, Water and Steam, Utility Services: Includes assets used in the production, transmission and distribution of electricity, gas, steam, or water for sale including related land improvements. Electric Utility Hydraulic Production Plant: Includes assets used in the hydraulic power production of electricity for sale, including related land improvements, such as dams, flumes, canals, and waterways. | 50 | 20 | 50 |
| 49.12 | Electric Utility Nuclear Production Plant: Includes assets used in the nuclear power production and electricity for sale and related land improvements. Does not include nuclear fuel assemblies. | 20 | 15 | 20 |
| 49.121 | Electric Utility Nuclear Fuel Assemblies: Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor used in the production of electricity. Does not include nuclear fuel assemblies used in breeder reactors. | 5 | 5 | 5 |
| 49.13 | Electric Utility Steam Production Plant: Includes assets used in the steam power production of electricity for sale, combustion turbines operated in a combined cycle with a conventional steam unit and related land improvements. Also includes package boilers, electric generators and related assets such as electricity and steam distribution systems as used by a waste reduction and resource recovery plant if the steam or electricity is normally for sale to others. | 28 | 20 | 28 |
| 49.14 | Electric Utility Transmission and Distribution Plant: Includes assets used in the transmission and distribution of electricity for sale and related land improvements. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102. | 30 | 20 | 30 |
| 49.15 | Electric Utility Combustion Turbine Production Plant: Includes assets used in the production of electricity for sale by the use of such prime movers as jet engines, combustion turbines, diesel engines, gasoline engines, and other internal combustion engines, their associated power turbines and/or generators, and related land improvements. Does not include combustion turbines operated in a combined cycle with a conventional steam unit. | 20 | 15 | 20 |
| 49.21 | Gas Utility Distribution Facilities: Includes gas water heaters and gas conversion equipment installed by utility on customers' premises on a rental basis. | 35 | 20 | 35 |
| 49.221 | Gas Utility Manufactured Gas Production Plants: Includes assets used in the manufacture of gas having chemical and/or physical properties which do not permit complete interchangeability with domestic natural gas. Does not include gas-producing systems and related systems used in waste reduction and resource recovery plants which are elsewhere classified. | 30 | 20 | 30 |
| 49.222 | Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks): Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas. | 14 | 7 | 14 |
| 49.223 | Substitute Natural Gas—Coal Gasification: Includes assets used in the manufacture and production of pipeline quality gas from coal using the basic Lurgi process with advanced methanation. Includes all process plant equipment and structures used in this coal gasification process and all utility assets such as cooling systems, water supply and treatment facilities, and assets used in the production and distribution of electricity and steam for use by the taxpayer in a gasification plant and attendant coal mining site processes but not for assets used in the production and distribution of electricity and steam for sale to others. Also includes all other related land improvements. Does not include assets used in the direct mining and treatment of coal prior to the gasification process itself. | 18 | 10 | 18 |
| 49.23 | Natural Gas Production Plant | 14 | 7 | 14 |
| 49.24 | Gas Utility Trunk Pipelines and Related Storage Facilities: Excluding initial clearing and grading land improvements as specified in Rev. Rul. 72-40. | 22 | 15 | 22 |
| 49.25 | Liquefied Natural Gas Plant: Includes assets used in the liquefaction, storage, and regasification of natural gas including loading and unloading connections, instrumentation equipment and controls, pumps, vaporizers and odorizers, tanks, and related land improvements. Also includes pipeline interconnections with gas transmission lines and distribution systems and marine terminal facilities. | 22 | 15 | 22 |

Table B-2. Table of Class Lives and Recovery Periods

| Asset class | Description of assets included | Class Life (in years) | Recovery Periods (in years) | |
|-------------|---|-----------------------|-----------------------------|--------------------------------|
| | | | GDS (MACRS) | ADS |
| 49.3 | Water Utilities: Includes assets used in the gathering, treatment, and commercial distribution of water. | 50 | 20** | 50 |
| 49.4 | Central Steam Utility Production and Distribution: Includes assets used in the production and distribution of steam for sale. Does not include assets used in waste reduction and resource recovery plants which are elsewhere classified. | 28 | 20 | 28 |
| 49.5 | Waste Reduction and Resource Recovery Plants: Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas pyrolysis system, or refuse derived fuel system to create hot water, gas, steam and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling and other related land improvements of a waste reduction and resource recovery plant. | 10 | 7 | 10 |
| 50. | Municipal Wastewater Treatment Plant | 24 | 15 | 24 |
| 51. | Municipal Sewer | 50 | 20*** | 50 |
| 57.0 | Distributive Trades and Services: Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products. | 9 | 5 | 9* |
| 57.1 | Distributive Trades and Services—Billboard, Service Station Buildings and Petroleum Marketing Land Improvements: Includes section 1250 assets, including service station buildings and depreciable land improvements, whether section 1245 property or section 1250 property, used in the marketing of petroleum and petroleum products, but not including any of these facilities related to petroleum and natural gas trunk pipelines. Includes car wash buildings and related land improvements. Includes billboards, whether such assets are section 1245 property or section 1250 property. Excludes all other land improvements, buildings and structural components as defined in section 1.48-1(e) of the regulations. See <i>Gas station convenience stores</i> in chapter 3. | 20 | 15 | 20 |
| 79.0 | Recreation: Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billiard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadia, race tracks, ski slopes, and buildings which house the assets used in entertainment services. | 10 | 7 | 10 |
| 80.0 | Theme and Amusement Parks: Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (e.g., parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (e.g., food and beverage retailing, souvenir vending and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose trucks, cars, airplanes, etc., which are included in asset guideline classes with the prefix 00.2), assets used in the provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels and motels. | 12.5 | 7 | 12.5 |
| | Certain Property for Which Recovery Periods Assigned | | | |
| | A. Personal Property With No Class Life Section 1245 Real Property With No Class Life | | 7 7 | 12 40 |
| | B. Qualified Technological Equipment, as defined in section 168(f)(2). | ** | 5 | 5 |
| | C. Property Used in Connection with Research and Experimentation referred to in section 168(e)(3)(B). | ** | 5 | class life if no class life—12 |
| | D. Alternative energy property described in sections 48(l)(3)(A)(ix) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990). | ** | 5 | class life if no class life—12 |
| | E. Biomass property described in section 48(l)(15) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990) and is a qualifying small production facility within the meaning of section 3(17)(c) of the Federal Power Act (16 U.S.C. 796(17)(C)), as in effect on September 1, 1986. | ** | 5 | class life if no class life—12 |
| | F. Energy property described in section 48(a)(3)(A) (or would be described if "solar or wind energy" were substituted for "solar energy" in section 48(a)(3)(A)(i)). | ** | 5 | class life if no class life—12 |

* Any high technology medical equipment as defined in section 168(f)(2)(C) which is described in asset guideline class 57.0 is assigned a 5-year recovery period for the alternate MACRS method.

** The class life (if any) of property described in classes B, C, D, E, or F is determined by reference to the asset guideline classes. If an item of property described in paragraphs B, C, D, E, or F is not described in any asset guideline class, such item of property has no class life.

*** Use straight line over 25 years if placed in service after June 12, 1996, unless placed in service under a binding contract in effect before June 10, 1996, and at all times until placed in service.



Oregon State Fair Council Meeting – July 26, 2018

Agenda Item: X.b.i. [For Action]

Discussion and Action regarding Agreement with Oregon State Police
for Law Enforcement Services During the 2018 Oregon State Fair

Background:

Law enforcement services are required for the 2018 Oregon State Fair. As in past years, the Oregon State Police (OSP) will provide those services. The flat fee amount of this contract is \$175,000.00 including all costs of labor, lodging and meals. This is a \$25,000 increase compared to 2017 due to OSP hourly wage increases and additional costs associated with lodging and meals. This contract exceeds the CEOs delegated authority and therefore requires Council action.

Recommendation:

Review and approve the attached contract between the Oregon State Fair Council and Oregon State Police for law enforcement services during the 2018 Oregon State Fair.

STATE OF OREGON
Oregon State Fair Council and
Oregon State Police

1. PARTIES:

This Agreement Is between the Oregon State Fair Council, a public corporation, doing business as the Oregon State Fair, hereinafter called "OSF", and Oregon State Police, a State Agency, hereinafter called "OSP", hereinafter individually referred to as the Party and collectively referred to as the "Parties."

2. AUTHORITY:

By the authority granted In ORS 190.110 and 283.110, state agencies may enter Into Agreements with units of local government or other state agencies for the performance of any or all functions and activities that a Party to the Agreement, Its officers, or agents have the authority to perform. By the authority granted in ORS 565.470(5), OSF may enter into agreements with state agencies to obtain services performed by state agencies.

Unless otherwise stated, the designees named below shall be the contact for all activities relating to the Work/Services to be performed under this Agreement. No amendment shall be necessary to change contact information. Each Party shall be required to notify the other Party of any changes within 30 days of a change.

OSF Designate

Greg Olson
2330 17th Street NE
Salem OR 97301
Phone: 971.701.6569
Email: usoconsulting@comcast.net

OSP Designate

Lieutenant Bob Charpentier
3565 Trelstad Ave SE
Salem OR 97317
Phone: 503.378.3387
Email:bob.charpentier@state.or.us

3. TERM:

This Agreement shall be In effect during the annual Oregon State Fair events occurring between June 1, 2018 and December 31, 2018 unless otherwise amended.

4. AMENDMENTS:

This Agreement may be amended. No changes to or waivers of provisions of this Agreement will be valid until they have been reduced to writing, approved and signed by all parties.

5. PURPOSE:

OSP agrees to perform law enforcement services at the Oregon State Fair & Exposition Center (OSPEC) for the annual Oregon State Fair events ("State Fair") which run each year for eleven (11) consecutive days always ending on Labor Day. OSP shall provide OSF law enforcement services that are efficient, effective, and directed toward the needs of the State Fair. OSP shall provide professional law enforcement that assures the respect and goodwill of State Fair visitors.

6. ROLE AND RESPONSIBILITIES OF OSP

OSP shall provide sworn officers, within its staffing limits, and on schedules and dates mutually agreed to by both parties, unless circumstances beyond the control of either Party require a schedule change. Such circumstances include, but are not limited to, unusually large or small

crowds, inclement weather, short notice changes in scheduled entertainment, OSP emergency responses, and illness or injury to scheduled personnel. The final decision on OSP staffing levels and scheduling will be made by the OSP supervisor in charge.

OSP will place at least one trooper at each of the five primary admission gates for observation of individuals passing through the gates. OSP supervisor in charge can decide, for good reason, to vacate observation duties if they deem necessary. If this decision is made OSP supervisor will make every effort to replace that trooper as soon as possible.

The law enforcement activities will be directed by the OSP supervisor in charge.

Nothing in this Agreement shall limit OSP from providing an appropriate law enforcement presence, or response, to unlawful actions at the State Fair.

After conclusion of each State Fair, OSP shall submit to OSF a public record of the complaint summary report of notable incidents and law enforcement actions taken during the State Fair.

The OSP shall provide dispatch personnel to operate an onsite dispatch center located at the Oregon State Fair & Exposition Center during the State Fair hours.

OSP shall assign a key person in the rank of lieutenant or above to be on duty during the hours of 6 pm to at least one hour after closing on all eleven (11) days of the State Fair.

OSP key person shall insure that the designated carnival area of the annual State Fair is patrolled constantly by multiple teams of two (2) law enforcement officers, one of which must be an Oregon State Police officer. Key person shall assure that officers patrol in an effective manner. Patrol teams of more than two (2) officers will be discouraged unless a larger force is needed in response to an emergency.

Coverage: OSP has the authority to enforce OSF rules in all OSF owned or managed property on the grounds of the Oregon State Fair and Exposition Center or contiguous lands thereof. This includes carnival areas, parking lots and public vehicle or pedestrian thoroughways connecting these properties.

Enforcement:OSP Is authorized to enforce all Oregon Revised Statutes and OSF rules adopted by the Oregon State Fair Council up to and including assisting State Fair personnel with excluding persons from OSF property. Authority applies to all OSF property noted in the previous paragraph.

Enforcement to include:

1. Verbal Warnings
2. Assist State Fair personnel with Written Personal Notices of Exclusions
3. Assist State Fair personnel with Violation Notices
4. Arrests

7. ROLE AND RESPONSIBILITIES OF OSF:

OSF agrees to provide to OSP the resource listed below during the State Fair to ensure the effective provision of law enforcement activities:

1. A secure dispatch and operational service facility within the LB. Day Amphitheatre.
2. Reserved parking area for official vehicles.
3. Credentials as required for non-uniformed staff.

OSF agrees to provide to OSP the services listed below during the State Fair to ensure the effective provision of law enforcement activities:

1. Provide timely and accurate Information relating to law enforcement related Incidents.
2. Issue the exclusion notices for those visitors excluded for rule/law violations.

8. CONSIDERATION:

All requests for payment will be submitted to:

Mike Paluszak, CEO
Oregon Fair and Exposition Center
2330 17th Street NE
Salem, OR 97301

The Oregon State Fair and Exposition Center agrees to compensate the Oregon State Police a flat rate of \$175,000.00 for providing enforcement services during the 2018 Oregon State Fair.

- a) This is an increase from the 2017 agreement. This is due to an increase in hourly costs per Trooper coupled with OSP's responsibility for lodging and meals.

9. TERMINATION:

- a) This Agreement may be terminated by either Party by written consent of either Party with 180 (one-hundred eighty) days' notice.
- b) Any termination under paragraph a) or b) above of this Section shall be without prejudice to any obligations or liabilities of either Party already accrued prior to such termination.

10. SUBCONTRACTS:

OSP shall not enter into any subcontracts for any of the work scheduled under this Agreement without obtaining prior written approval from OSF. If a subcontractor is approved to work under this Agreement, OSP shall obtain the appropriate insurance certificates required by the Oregon State Fair Council prior to subcontractor beginning work.

11. RECORDS RETENTION:

OSP agrees to maintain records of costs and services provided to document the Project and fully support billings. All books, records and other documents relevant to this Agreement shall be retained for:

- 1. Six years after the end of the fiscal year during which they were created as required by the Secretary Of State's Office for records retention; or
- 2. Retaining files beyond the retention schedule may be required to complete any audit or to resolve any pending audit findings or other concerns.
- 3. Should OSF become aware of the need or requirement to extend the retention period of such documents such notice should be provided to OSP.

12. ACCESS TO RECORDS:

OSF, the Secretary of State's Office of the State of Oregon, the Federal Government, and their duly authorized representatives shall have access to the books, documents, papers, and records of OSP and any subcontractors which are directly pertinent this Agreement for the purpose of making audit, examination, excerpts, and transcripts.

13. FUNDS AVAILABLE AND AUTHORIZED:

OSF certifies at the time the Agreement is written that sufficient funds are available and authorized for

expenditure to finance costs of this Agreement within OSF's current financial statement.

14. PUBLICITY:

Any publicity, such as media releases or public safety announcements related to law enforcement activities or incidents, regarding the efforts performed by OSP under this Agreement will be provided to the Project Manager and will make a good faith effort to acknowledge the support of the Oregon State Fair and the Oregon State Fair Council. The final decision on law enforcement related releases or announcements and their actual contents will be made by the OSP supervisor in charge.

15. MERGER CLAUSE:

This agreement constitutes the entire Agreement between the parties. No waiver, consent, modification or change of term of this Agreement shall bind either Party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, Agreement or representations, oral or written, no specified herein regarding this Agreement, Both parties by the signature below or its authorized representative, hereby acknowledge Act that s/he has read the Agreement, understands it and agrees to be bound by its terms and conditions.

16. INSURANCE CLAUSE

OSP and OSF understand that each is insured with respect to tort liability by the State of Oregon Insurance Fund, a statutory system of self-insurance established by ORS 278 and subject to the Oregon Tort Claims (RS30.260-30.300).Each Party agrees to accept the coverage as adequate insurance of the other Party with respect to personal injury and property damage.

Self-Insurance Loss Allocation: The Parties agree that any tort liability claim, suit or loss resulting from or arising out of the Parties' performance of and activities under this contract shall be allocated, as between the Parties, in accordance with the law by the Department of Administrative Services Risk Management for purposes of their respective loss experiences and subsequent allocation of self-insurance assessments under ORS 278.435. Each Party to this contract agrees to notify Risk Management and the other Party in the event it receives notice or knowledge of any claims arising out of the performance of, or the Parties activities under this contract.

17. AGREED:

OREGON STATE POLICE (OSP)

BY: _____ 19-36001779
Signature Date Fed. ID#

Print Name

OREGON STATE FAIR (OSF)

BY: _____
Signature Date Fed. ID #

Print Name