



# INTRODUCTION TO PERSONAL PROPERTY

## SECTION 7

# Business Owner Quiz

The Honest John business owner has difficulty determining what is taxable Personal Property. The business owner contacts the Assessor and asks if the following items are taxable Personal Property. See if you know what is taxable.

	Is it Taxable Personal Property?			
	YES	NO	DEPENDS	I DUNNO
Area Rugs	X			
Artwork	X			
Boat House			X	
Construction Work In Progress (CWIP)			X	
Counters & Cabinets (Built-ins)			X	
Dies & Molds	X			
Equipment used at home			X	
Floor Covering			X	
Franchise Fee		X		
Goodwill		X		
Hotel			X	
Hotel F & F	X			
Idle Equipment	X			
Jewelry		X		
Law books	X			
Leasehold improvements i.e. shelving, built-ins, partitions, exhaust fans			X	
Light Fixtures			X	
Patents		X		
Rental DVDs	X			
Repairs			X	
Sales tax (on equipment)		X		
Shipping Charges	X			
Short-term Rental Equipment i.e. 3 days	X			
Software			X	
Spare Parts	X			
Supplies	X			
Tools	X			
Transmission Towers	X			
Underground Cables			X	
Underground Storage Tanks			X	

## Acronym Questions

- |     |       |                                       |
|-----|-------|---------------------------------------|
| 1)  | LHI   | <u>Leasehold Improvements</u>         |
| 2)  | MV    | <u>Market Value</u>                   |
| 3)  | RCW   | <u>Revised Code of Washington</u>     |
| 4)  | OP    | <u>Omitted Property</u>               |
| 5)  | AV    | <u>Assessed Value</u>                 |
| 6)  | WAC   | <u>Washington Administrative Code</u> |
| 7)  | M & E | <u>Machinery &amp; Equipment</u>      |
| 8)  | AGO   | <u>Attorney General Opinions</u>      |
| 9)  | PTA   | <u>Property Tax Advisories</u>        |
| 10) | CIP   | <u>Construction in Progress</u>       |
| 11) | BOE   | <u>Board of Equalization</u>          |
| 12) | F & F | <u>Furniture &amp; Fixtures</u>       |

## Introduction to Personal Property Fundamentals Exercise

1. What do the following dates represent?

- |    |             |                                                                                                                                |
|----|-------------|--------------------------------------------------------------------------------------------------------------------------------|
| A. | December 31 | <b>Personal property listing forms mailed by assessor</b>                                                                      |
| B. | January 1   | <b>Assessment date</b>                                                                                                         |
| C. | April 30    | <b>Personal property listing forms due</b>                                                                                     |
| D. | May 1       | <b>Late filing penalties begin to accrue (at 5% per month to max of 25%)</b>                                                   |
| E. | July 1      | <b>Appeal deadline to BOE, unless valuation made after May 31<sup>st</sup>, then 30 to 60 days from change of value notice</b> |

2. When is the lien perfected on personal property?

**When the property is listed and valued.**

3. If personal property is moved from one county to another between January 1<sup>st</sup> and July 1<sup>st</sup> where is it assessed?

**The county which first calls on or lists the property.**

4. Everything is taxable "excepting such that is exempted from taxation by law."

Where is the statutory authority for this?

**RCW 84.36.005**

5. Match the following to their appropriate chapter titles:

- |            |                            |
|------------|----------------------------|
| RCW 84.04: | <b>Definitions</b>         |
| RCW 84.36: | <b>Exemptions</b>          |
| RCW 84.40: | <b>Listing of Property</b> |
| RCW 84.44: | <b>Taxable Situs</b>       |
| RCW 84.60: | <b>Lien of Taxes</b>       |

6. Can extensions be granted to allow taxpayers additional time to file after April 30<sup>th</sup>?

**No, but the assessor may wave the penalty for just cause.**

# Sample Problem #1

## (Solution)

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
Pop Cooler (reach in)	2023	\$ 800	16	73.2%	\$ 586
Grocery Store Shelving	2018	\$ 8,000	16	40.0%	\$ 3,200
Store Shelving	2019	\$ 7,550	16	46.3%	\$ 3,496
Public Address System	2015	\$ 1,290	24	15.0%	\$ 194
Warehouse Forklift	2016	\$ 13,300	16	29.2%	\$ 3,884
Shop Welder	2022	\$ 1,400	12	75.6%	\$ 1,058
Office Safe	2016	\$ 450	10	54.3%	\$ 244
Office Desk & Chair	2017	\$ 1,200	14	41.4%	\$ 497

# Sample Problem #2

## *(Solution)*

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
HP Laptop	2021	\$ 800	C	30.5%	\$ 244
JD 4052R Tractor	2022	\$ 8,000	12	31.0%	\$ 2,480
Dry Fertilizer Spreader	2021	\$ 7,550	18	55.7%	\$ 4,205
HP Deskjet Printer	2020	\$ 1,290	C	21.7%	\$ 280
Dell Pentium Computer	2020	\$ 13,300	C	21.7%	\$ 2,886
Grain Drill	2011	\$ 1,400	18	15.0%	\$ 210
Office Desk & Chair	1986	\$ 450	4	15.0%	\$ 68

# Fixed Asset Schedule Exercise

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
Rock Crusher (Immobile)	2013	\$ 155,000	12	31.0%	\$ 48,050
Platform Scale	2015	\$ 26,500	12	39.1%	\$ 10,362
Coffee Mfg Industrial Roaster	2016	\$ 46,800	10	54.3%	\$ 25,412
Walk-in Freezer	2008	\$ 16,500	12	17.5%	\$ 2,888
Cardboard Crusher (Baler)	2013	\$ 7,500	16	17.5%	\$ 1,313
Grocery Shelving	2009	\$ 65,300	16	15.0%	\$ 9,795
Cash Safe	2014	\$ 9,500	10	44.6%	\$ 4,237
Bank ATM	2004	\$ 40,400	24	15.0%	\$ 6,060
ATM-Installation expense	2004	\$ 2,500	24	15.0%	\$ 375
Warehouse Racking	2016	\$ 2,600	14	36.1%	\$ 939
					<b>TOTAL: \$ 109,430</b>

# Fixed Asset Schedule Exercise

Valuation Date: 1/1/16

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
Portable Rock-Crusher (Const.)	2017	\$ 155,000	18	25.7%	\$ 39,835
Tigercat L870 Feller Buncher	2019	\$ 379,500	18	40.1%	\$ 152,180
JD 2030 Tractor (Used)	2010	\$ 12,000	12	22.4%	\$ 2,688
Electric Typewriter	2003	\$ 450	24	15.0%	\$ 68
Dental Equipment	2009	\$ 31,500	14	15.0%	\$ 4,725
Postage (Mailing) Machine	2020	\$ 850	20	42.4%	\$ 360
Shoe Manufacturing Equip	2021	\$ 2,450	8.5	86.3%	\$ 2,114
Grocery Store Shelving	1999	\$ 8,000	16	15.0%	\$ 1,200
Epson Printer	2004	\$ 348	II/C	2.0%	\$ 7
Gateway Computer	2011	\$ 1,600	II/C	2.0%	\$ 32
Toyota Forklift (Used - for shop)	2005	\$ 8,800	16	15.0%	\$ 1,320
Shop Welder	2012	\$ 1,600	12	27.7%	\$ 443
Office Desk and Chair	1997	\$ 450	14	15.0%	\$ 68
					<b>TOTAL: \$ 205,039</b>



## Capital Improvement Exercise

- 1) A 2010 Cat 980G Wheel Loader purchased 'used' in 2013 for \$234,250 and had the Power Train rebuilt in 2017.

Enter the original purchase as always. Next enter the Power Train rebuild at its cost using 2017 (the year the rebuild was complete) for the purchase year. Then enter the Power Train rebuild as a negative number and use 2010 (the year of the machine) as the purchase year. By putting in the negative number you are removing any remaining value of the asset you are replacing (in this case the Power Train), so it is not valued twice. Although the machine was purchased used in 2013, you use 2010 for the year as the life of the Power Train started in 2010.

- 2) A 2000 Madill 071 Yarder purchased new in 2000 for \$550,000. The Engine was rebuilt in 2004, and a 'New' Engine was installed in 2010. Then the 'New' Engine was rebuilt in 2017.

Enter the purchase of the Yarder as normal. Next enter the purchase of the 'New' Engine at its original cost and the year it was purchased (2010). Enter the cost of the new engine as a negative number and use the year of the machine (2000) for the year. Then enter the 2017 rebuild at its cost and year as normal. Then enter the rebuild as a negative number and use 2010 as the purchase year.

This scenario is unique in that the 2017 rebuild, when inputting the negative adjustment, the year used is 2010 which is the year of the 'new' engine. The reason 2010 is used instead of 2000 (the year of the machine) is because we are adjusting for the remaining life of the engine that was rebuilt not the remaining life of the machine. Think of it this way; the yarder came with an engine. In 2010 the original engine was removed and a 'new' engine was installed. The yarder is still 15% good so a negative adjustment was made when the 'new' engine was installed in 2010. This adjustment removes any remaining value (15%) for the original engine. Now we have 2 assets: a 2000 yarder with the value of the engine removed and we have a 2010 engine as a separate asset. So when the engine is rebuilt, we use the year of the asset that was rebuilt (in this case the engine) for the year when inputting the negative adjustment.

You may notice that the rebuild that was completed in 2004 is not mentioned or included. That is because this engine was disposed of.

# Capital Improvement Exercise

Valuation Date: 1/1/18

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
2010 Cat 980G Wheel Loader (Used)	2013	\$ 234,250	16	17.5%	\$ 40,994
Power Train Rebuild on 2010 980G Wheel Loder Completed in 2017 for \$123,363	2017	\$ 123,363	16	34.3%	\$ 42,314
Power Train Rebuild on 2010 980G Wheel Loder Completed in 2017 for \$123,363	2010	\$ (123,363)	16	15.0%	\$ (18,504)
					<b>TOTAL: \$ 64,803</b>

# Capital Improvement Exercise

Valuation Date: 1/1/18

DESCRIPTION	YEAR ACQUIRED	PURCHASE PRICE	TABLE	% GOOD	ASSESSED VALUE
Madill 071 Yarder	2000	\$ 550,000	18	15.0%	\$ 82,500
New Engine 2010 for \$18,964	2010	\$ 18,964	18	15.0%	\$ 2,845
New Engine 2010 for \$18,964	2000	\$ (18,964)	18	15.0%	\$ (2,845)
Engine Rebuild 2017 for \$13,217	2017	\$ 13,217	18	28.3%	\$ 3,740
Engine Rebuild 2017 for \$13,217	2010	\$ (13,217)	18	15.0%	\$ (1,983)
					\$ -
					\$ -
					\$ -
					\$ -
					<b>TOTAL: \$ 84,258</b>

## Exemption Questions

1) What qualifies a Farmer for the Exemption of Farm Machinery and Equipment?

- a. Submits the Exemption of Farm Machinery and Equipment before April 30th each year with the personal property listing.
- b. Grows, raises, or produces upon the person's own land or upon the land in which the person has a present right of possession, any agricultural product to be sold.
- c. Signs under penalty of perjury.
- d. **a and b** – no longer required to sign under penalty of perjury

2) Who qualifies as the Head of Family personal property exemption?

- a. Residence as well as none residence of the state of Washington with equipment within a county.
- b. Individuals and family members that are in a partnership.
- c. Any citizen of the United States, over the age of sixty-five years, who has resided in the state of Washington continuously for 5 years.
- d. **Natural persons (sole proprietor).**

3) Is this statement true?

A husband operates a catering business as a limited liability company (LLC) out of the family home. The wife also operates a real estate business as a sole proprietor. The husband is entitled to the Head of Family Exemption for business property held by the LLC since he works out of the family home. **No**

4) What equipment qualifies for the Exemption of Farm Machinery and Equipment?

- a. Equipment used to produce agricultural products for one's own consumption.
- b. Equipment used in raising timber.
- c. **Equipment used by an active farmer.**
- d. Brother-in-laws equipment used by farmer.

## Title Plant Questions

- 1) Where does the county personal property appraiser obtain the real property parcel count in order to assess a personal property listing with a title plant?  
**Real Property Stratification report**

In September of each year, the Department sends every county assessor a letter requesting real property data and various stratification reports for the county, necessary for completing the Department's real property ratio study. The Department asks for real property parcel counts for the study, where those particular parcel counts make up the "latest" real property parcel numbers used in valuing title plants for the following assessment year.

The total real property parcels utilized in valuing title plants should correspond with what is reported on real property stratification reports, where the Department recommends county assessors directly use this count.

- 3) These are the parcels in your county for **2024 for 2025** tax year. What is the assessed value of the County Title Company's title plant?

Clark	170,001	x	3.16	\$	537,203.16
Cowlitz	46,180	x	3.88	\$	179,178.40
Grant	42,841	x	3.92	\$	167,936.72
Grays Harbor	50,236	x	3.84	\$	192,906.24
Kitsap	111,702	x	3.40	\$	379,786.80
Pierce	317,388	x	2.60	\$	825,208.80
Stevens	39,848	x	3.96	\$	157,798.08
Thurston	120,022	x	3.36	\$	403,273.92
Yakima	88,406	x	3.56	\$	314,725.36

## Leased Equipment Exercise

### Lease #1

- Was this an operating lease or a capital lease? ☐ Operating lease or ☒ Capital lease?
- What cost would you use? ☐ \$19,000 ☒ \$25,000 or ☐ \$20,577

### Lease #2

- What cost are you going to use for the 2025 Assessment Year? ☒ \$15,500 ☐ \$18,430 or ☐ \$14,859.27
- What acquisition year are you going to use? 2015

### Lease #3

- Do you add the six computers to Computer Associates listing or do you wait until the end of the lease to add them? Add the six computers to Computer Associates listing.
- Is this an operating lease or a capital lease? ☒ Operating lease or ☐ a Capital lease

### Lease #4

- Who do you assess for the leased lawn mower? It should be assessed to Ed's Truck & Implement
- Is this an operating lease or a capital lease? ☒ Operating Lease or ☐ Capital Lease
- Which assessment year do you start valuing the lawn mower? The assessment year should be 1/1/2018

Insert Row into County List		Sort By Year and Original Cost		\$ 3,492,603				\$ 3,492,603		Delete Row from	Ref res	Insert Row into Taxpayer List		Auto Match	Match Line by Line	\$ 5,472,015				\$ 3,492,603		Delete Row from Taxpayer List	
											\$0.00										0		
#	County List Description	Asset	Asset #	Trend	Year	Original Cost	Cost Adj	Adjusted Cost	e f	Omit / Del	Differ ence	#	Taxpayer List Asset Description	Asset #	Trend	Year	Original Cost	Cost Adjust	Adjusted Cost	Code	Comments		
2	BOOM LIFT		9904	16	2023	\$20,067.00		20,067			0	25	Boom Lift	9904		2023	21,604	-1537	20,067				
3	LINK BELT FR LOGGER		9897	18	2023	\$466,911.00		466,911			0	22	2023 Link Belt FR Logger	9897		2023	466,911		466,911				
5	TIGERCAT LX 8700		9901	18	2023	\$509,009.00		509,009			0	24	2023 TigerCat LX870D	9901		2023	509,009		509,009				
7	LINKBELT 2021 LOGGER		9894	18	2022	\$540,209.00		540,209			0	20	Linkbelt 2021 Logger	9894		2022	540,209		540,209				
8	LINKBELT 2021 LOGGER		9895	18	2022	\$315,855.00		315,855			0	21	2021 Link Belt Logger	9895		2022	315,855		315,855				
9	2005 CAT 525B SKIDDER		9889	6	2021	\$59,609.00		59,609			0	18	2005 Cat 525B Skidder	9889		2021	59,609		59,609				
10	2020 LBX 4640TLW LOG LOADER		9884	18	2021	\$260,063.00		260,063			0	17	2020 LBX 4640TLW Log Loader	9884		2021	260,063		260,063				
11	DENHARCO DM4550		9890	18	2021	\$518,500.00		518,500			0	19	Denharco DM4550	9890		2021	518,500		518,500				
12	1998 BLAW - KNOX CRAWLER ASPHALT PAVER		9876	16	2020	\$4,512.00		4,512			0	15	1998 Blaw-Knox Crawler Asphalt F	9876		2020	4,512		4,512				
13	CATERPILLAR 325DFM		9880	16	2020	\$92,796.00		92,796			0	16	Caterpillar 325DFM	9880		2020	92,796		92,796				
14	2004 CAT 312 HYD EXCAVATOR		9861	16	2017	\$40,883.00		40,883			0	13	2004 Cat 312CL Hyd Excavator	9861		2017	40,883		40,883				
15	2015 LINKBELT DELIMBER		9857	18	2016	\$503,948.00		503,948			0	10	2015 Linkbelt Delimber	9857		2016	503,948		503,948				
16	45" CUBE CONTAINER 2004		9859	16	2016	\$2,960.00		2,960			0	12	2004 45" Cube Cont	9859		2016	2,960		2,960				
17	45" CUBE CONTAINER 2006		9858	16	2016	\$2,841.00		2,841			0	11	2006 45" Cube Cont	9858		2016	2,841		2,841				
18	1999 - 40 FT CONTAINER		9843	16	2014	\$2,610.00		2,610			0	7	40 Ft Container	9843		2014	2,610		2,610				
19	PORTABLE HW PRESSURE WASHER		9844	16	2014	\$2,136.00		2,136			0	8	2014 Easy-Kleen HW Washer	9844		2014	2,136		2,136				
20	MADIL 071 YARDER		9805	18	2002	\$69,694.00		69,694			0	6	Madill 071 Yarder	9805		2000	69,694		69,694				
21	CAT 235B LOG LOADER		6382	18	1998	\$80,000.00		80,000			0	5	Cat 235B Log Loader	6382		1998	80,000		80,000				
											0	1	Loan Fees	9840		2011	540	-540	0	EX			
											0	2	Loan fees 5002005332	9849		2015	4,600	-4,600	0	EX			
											0	3	Loan fees	9851		2015	5,895	-5,895	0	EX			
											0	4	Loan Fee CIT	9862		2017	1,395	-1,395	0	EX			
											0	9	2005 Wylie 500 Gal Tank Trl	9845		2014	5,017	-5,017	0	LV			
											0	14	2015 Water Trailer	9868		2018	8,500	-8,500	0	LV			
											0	23	Commercial Shop Building	9898		2023	313,383	-313,383	0	LV			
											0	26	1981 Intl Flatbed	9815		2002	8,000	-8,000	0	LV			
											0	27	Trailer	9827		2005	1,943	-1,943	0	LV			
											0	28	Ford F 350	9847		2015	38,548	-38,548	0	LV			
											0	29	2015 Ford F-350	9853		2015	66,413	-66,413	0	LV			
											0	30	2016 Ford F-350	9854		2015	67,498	-67,498	0	LV			
											0	31	1991 BMY 6x6 Cargo Trk	9860		2016	12,165	-12,165	0	LV			
											0	32	2015 Peterbilt 367 Log Trk	9863		2018	83,298	-83,298	0	LV			
											0	33	2014 Lincoln Log Trl	9864		2018	60,580	-60,580	0	LV			
											0	34	1995 Lincoln Pup Trl	9865		2018	22,717	-22,717	0	LV			
											0	35	2018 Toyota Tundra	9866		2018	42,472	-42,472	0	LV			
											0	36	2018 Ford F-350 Truck	9867		2018	56,019	-56,019	0	LV			
											0	37	2016 Ford Super Duty F-25	9871		2018	59,820	-59,820	0	LV			
											0	38	2019 Ford F-350	9872		2019	63,085	-63,085	0	LV			
											0	39	2009 Peterbilt 367 Haul Trk	9874		2019	41,922	-41,922	0	LV			
											0	40	1987 Alloy 43Ft T/A Hiboy	9877		2020	3,330	-3,330	0	LV			
											0	41	Jeep	9878		2020	10,500	-10,500	0	LV			
											0	42	2007 Chevrolet Silverado	9879		2020	4,200	-4,200	0	LV			
											0	43	2004 Aspen HHT/RL Goodneck Tn	9881		2020	92,186	-92,186	0	LV			
											0	44	2015 Kenworth T800 Log Truck	9885		2021	106,362	-106,362	0	LV			
											0	45	2002 BWM Log Trailer	9886		2021	40,000	-40,000	0	LV			
											0	46	2021 Aspen Cantilever DK W/Outri	9887		2021	50,755	-50,755	0	LV			
											0	47	2020 Ford Super Duty F-350	9891		2022	75,759	-75,759	0	LV			
											0	48	2022 Toyota Tundra	9892		2022	72,854	-72,854	0	LV			
											0	49	Shop Truck	9893		2022	79,633	-79,633	0	LV			
											0	50	Dump Trailer	9896		2022	24,360	-24,360	0	LV			
											0	51	2024 KW T880 Log Truck	9899		2023	159,143	-159,143	0	LV			
											0	52	2024 PJ Black Equipment Trailer	9900		2023	15,537	-15,537	0	LV			
											0	53	2023 International Log Truck	9902		2023	240,446	-240,446	0	LV			
											0	54	2015 Chevrolet Silverado	9903		2023	39,000	-39,000	0	LV			

### Personal Property Worksheet

Ratio	2025	Assessor's Original Cost	\$3,495,803	Audited Data Source
File Number		Assessed Value	\$2,227,208	Depreciation Schedule
County				
Assessment Date	01/01/2024			
Parcel ID Number		Appraisal Adjusted Original Cost	\$3,516,936	Date Appraisal Completed
		Total Appraised Value	\$2,248,341	04/15/2025
Owner		Less Exemption		
Address				
Address		Taxable Value	\$2,248,341	Site Visit Date
Address				DNI
Contact Name		Ratio	99.1%	
Contact Phone				
Contact E-mail		Omitted Property Value	\$0	
		Deleted Property Value	\$0	
Industry Type	IND_MFG			
Business Type	Logging	Appraiser	Lisa Brewer	
Situs Address				

#	Asset Description	Asset #	Trend	Purchase Year	Assessor's Original Cost	Cost Adjust	Adjusted Cost	Ref	Omit or Del	% Good	Value
-----	Supplies		0	2023	200	4133	4333	ADJ		1.000	4333
-----	Small Tools		0	2023	2000	8000	10000	ADJ		1.000	10000
-----	Spare Parts		0	2023	1000	9000	10000	ADJ		1.000	10000
-----	Fuel & Propane		0	2023		0	0			1.000	0
2	BOOM LIFT	9904	16	2023	20,067		20,067			0.840	16,856
3	LINK BELT FR LOGGER	9897	18	2023	466,911		466,911			0.820	382,867
5	TIGERCAT LX 8700	9901	18	2023	509,009		509,009			0.820	417,387
7	LINKBELT 2021 LOGGER	9894	18	2022	540,209		540,209			0.718	387,870
8	LINKBELT 2021 LOGGER	9895	18	2022	315,855		315,855			0.718	226,784
9	2005 CAT 525B SKIDDER	9889	16	2021	59,609		59,609			0.703	41,905
10	2020 LBX 4640TLW LOG LOADER	9884	18	2021	260,063		260,063			0.654	170,081
11	DENHARCO DM4550	9890	18	2021	518,500		518,500			0.654	339,099
12	1998 BLAW - KNOX CRAWLER ASPHALT PAVER	9876	16	2020	4,512		4,512			0.621	2,802
13	CATERPILLAR 325DFM	9880	16	2020	92,796		92,796			0.621	57,626
14	2004 CAT 312 HYD EXCAVATOR	9861	16	2017	40,883		40,883			0.394	16,108
15	2015 LINKBELT DELIMBER	9857	18	2016	503,948		503,948			0.276	139,090
16	45" CUBE CONTAINER 2004	9859	16	2016	2,960		2,960			0.335	992
17	45' CUBE CONTAINER 2006	9858	16	2016	2,841		2,841			0.335	952
18	1999 - 40 FT CONTAINER	9843	16	2014	2,610		2,610			0.239	624
19	PORTABLE HW PRESSURE WASHER	9844	16	2014	2,136		2,136			0.239	511
20	MADIL 071 YARDER	9805	18	2002	69,694		69,694			0.150	10,454
21	CAT 235B LOG LOADER	6382	18	1998	80,000		80,000			0.150	12,000