



ADMINISTRATIVE RULES OF MONTANA

42.21.155 PERSONAL PROPERTY CATEGORIES AND TRENDED DEPRECIATION METHODOLOGIES

- (1) The department has established eight categories of personal property for determination of trend factors and depreciation, and trended depreciation schedules of four, five, ten, fifteen, or twenty years have been assigned for each category based on its type and expected useful lifespan, as provided in (4). The equipment listings in (4) provide representative examples of property in a category and are not meant to be an exhaustive list.
- (2) Each trended depreciation schedule contains a residual trended percent good, designated as "older" in the final row of each schedule, which is applied to an item of personal property that exceeds the typical lifespan because personal property remains taxable until its disposal. The department may assign a lower residual trended percent good to reflect functional obsolescence for certain categories of equipment. The purpose of trended depreciation is to bring the cost of equipment acquired in a previous year to an approximate current cost before depreciating it.
- (3) Prior to January 1 of each year, the department will use cost index trends for equipment and depreciation percentages for furniture and fixtures from the previous July's edition of Marshall & Swift Valuation Service Guide (Marshall & Swift Guide) to calculate the trend factors and the trended percent good for the schedules in (4). The Marshall & Swift Guide is a widely recognized valuation authority which the department adopts and incorporates by reference. The Marshall & Swift Guide may be reviewed at the department's central office or purchased through Corelogic at <https://www.cotality.com/products/marshall-swift>.
 - (a) The trends from the Marshall & Swift Guide represent industry-wide national average changes in equipment costs - customarily increases - from the base year, 1926. Trends are typically greater than a value of one, but may be less than one.
 - (b) For trended depreciation schedules, the department calculates the year one trend for each schedule as the average trend of the first three quarters of the current year. The trend for each successive year is the final trend for that year.
 - (i) Using year one as the base year, the department calculates the changes in equipment costs - the trend factors - for each schedule in (4), as the quotient of the year one trend and any following year's trend.
 - (ii) The department then uses the depreciation percentages from the Marshall & Swift Guide to calculate the "percent good" over the period of years that is typical for each property category. Trended percent good is then calculated as the product of the percent good and the trend factor for each year represented in a schedule.
- (4) The department shall post its trended depreciation schedules for the upcoming tax year for the categories of personal property described below on the department's website located at <https://www.revenue.mt.gov>. The department adopts and incorporates by reference its 2026

Personal Property Depreciation Schedules and Trend Tables publication, effective January 1, 2026. The Depreciation Schedules and Trend Tables publication contains the detailed schedules and tables the department uses for valuing personal property and industrial machinery and equipment. The personal property categories and trended depreciation methodologies that apply to the Depreciation Schedules and Trend Tables publication are as follows:

- (a) Computerized Equipment - a four-year depreciation and a residual percentage will be applied to computerized equipment such as computers, peripheral equipment that cannot function independently of a computer, computerized medical equipment, and gaming machines. The four-year depreciation schedule was developed and implemented after consultation with industry representatives; the trend factors are calculated from the office equipment category of the Marshall & Swift Guide.
- (b) Office and Commercial Equipment - a five-year depreciation and a residual percentage will be applied to non-computerized equipment such as office equipment and furnishings, specialized medical equipment, janitorial equipment, coin-operated washers and dryers, beauty and barber shop equipment, tanning beds, furnishings for hotels, motels, rental apartments, rental homes, nursing home and other care facilities, and locally assessed cable tv dishes. The trend factors are calculated from the office equipment category of the Marshall & Swift Guide.
- (c) Furniture, Fixtures, and Miscellaneous Equipment - a ten-year depreciation and a residual percentage will be applied to all other commercial furniture and fixtures such as handheld and non-handheld shop and construction tools and equipment, medical and dental chairs and tables, theater equipment, survey equipment, billboards and signage, garbage bins, coin-operated pool and other game tables, gas pumps, bar and restaurant equipment and furnishings, bowling alleys and equipment, excepting auto-scorers which have a four-year depreciation, photo and developing equipment, mortuary equipment, safes, security systems, port-a-potties, locally assessed cable tv towers, ski lift equipment including aerial lifts, surface lifts, portable lifts and tows including the towers, cables, ropes, sheave assemblies, the conveying devices, power units, and all accessories. The trend factors are calculated from the average-of-all category of the Marshall & Swift Guide.
- (d) Seismograph Units and Allied Equipment - a five-year depreciation and a residual percentage will be applied to seismograph units and allied equipment. An 80 percent wholesale factor is used for wheeled seismograph units. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (e) Oil Drilling, Workover, and Service Rigs - a ten-year depreciation and a residual percentage will be applied to all oil drilling, workover, and service rigs. An 80 percent wholesale factor is applied to self-propelled wheeled workover and service rigs. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (f) Oil and Gas Field Machinery and Equipment - a fifteen-year depreciation and a residual percentage will be applied to oil and gas field machinery and equipment. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (g) Farm Machinery and Equipment - a twenty-year depreciation and a residual percentage will be applied to farm machinery and equipment. A 50 percent wholesale factor is applied. The trend factors are calculated from the average-of-all category of the Marshall & Swift Guide.

- (h) Heavy Equipment - a twenty-year depreciation and a residual percentage will be applied to heavy equipment. A 50 percent wholesale factor is applied. The trend factors are calculated from the contractor's equipment category of the Marshall & Swift Guide.

Authorizing statute(s): 15-1-201, 15-23-108, MCA

Implementing statute(s): 15-6-135, 15-6-138, 15-6-202, 15-6-207, 15-6-213, 15-6-219, 15-8-111, MCA

History: NEW, 1982 MAR p. 1052, Eff. 5/14/82; AMD, 1985 MAR p. 2032, Eff. 12/27/85; AMD, 1986 MAR p. 2068, Eff. 12/27/86; AMD, 1988 MAR p. 747, Eff. 4/15/88; AMD, 1989 MAR p. 613, Eff. 5/12/89; AMD, 1991 MAR p. 915, Eff. 6/14/91; AMD, 1991 MAR p. 2043, Eff. 11/1/91; AMD, 1992 MAR p. 2394, Eff. 10/30/92; AMD, 1993 MAR p. 2972, Eff. 12/10/93; AMD, 1994 MAR p. 3195, Eff. 12/23/94; AMD, 1996 MAR p. 1174, Eff. 4/26/96; AMD, 1996 MAR p. 3151, Eff. 12/6/96; AMD, 1997 MAR p. 2297, Eff. 12/16/97; AMD, 1999 MAR p. 154, Eff. 12/18/98; AMD, 1999 MAR p. 2909, Eff. 12/17/99; AMD, 2000 MAR p. 3563, Eff. 12/22/00; AMD, 2001 MAR p. 2249, Eff. 11/9/01; AMD, 2002 MAR p. 3728, Eff. 12/27/02; AMD, 2003 MAR p. 2901, Eff. 12/25/03; AMD, 2004 MAR p. 2603, Eff. 10/22/04; AMD, 2005 MAR p. 2262, Eff. 11/11/05; AMD, 2006 MAR p. 2979, Eff. 12/8/06; AMD, 2007 MAR p. 1826, Eff. 11/9/07; AMD, 2008 MAR p. 2561, Eff. 11/27/08; AMD, 2009 MAR p. 2497, Eff. 12/25/09; AMD, 2010 MAR p. 3022, Eff. 12/24/10; AMD, 2012 MAR p. 409, Eff. 2/24/12; AMD, 2012 MAR p. 2496, Eff. 12/7/12; AMD, 2013 MAR p. 2316, Eff. 12/13/13; AMD, 2014 MAR p. 2991, Eff. 12/12/14; AMD, 2015 MAR p. 2364, Eff. 12/25/15; AMD, 2016 MAR p. 2340, Eff. 1/1/17; AMD, 2017 MAR p. 2341, Eff. 1/1/18; AMD, 2019 MAR p. 209, Eff. 2/23/19; AMD, 2020 MAR p. 97, Eff. 1/18/20; AMD, 2020 MAR p. 2276, Eff. 1/1/21; AMD, 2021 MAR p. 1802, Eff. 1/1/22; AMD, 2022 MAR p. 2368, Eff. 12/24/22; AMD, 2023 MAR p. 1896, Eff. 1/1/24; AMD, 2024 MAR p. 2642, Eff. 1/1/25; AMD, 2025 MAR, Notice No. 2025-443, Eff. 1/1/26.