

Personal Property Valuation Schedule

Introduction

Renewable Energy

This schedule has been prepared by the Ad Valorem Tax Division, pursuant to 68 O.S. 2011, § 2875 A4, to help achieve equity in the assessment of the personal property of commercial and industrial establishments through uniform application of valuation guidelines. It is the goal of this Division that equity be realized within and between all classes of property throughout all taxing jurisdictions in Oklahoma.

None of the content of this schedule is intended, in any way, to relieve property owners or assessing officials of their obligations by law to report, value, or assess personal property at its true and full market value. Application of the valuation guidelines, procedures, and rates contained in this publication, together with sound judgment on the part of assessment officials, will help determine the validity of values received from a variety of commercial operations. Methodologies contained herein are intended only to provide the user with an approximation of value for the personalty "typical" for that class, not an absolute value. The replacement cost less normal depreciation tables are provided to determine estimated market value based on adjustments to information obtained from property owners.

This Schedule is available on the Oklahoma Tax Commission website. www.tax.ok.gov (select- Ad Valorem, select- Publications, select Business Personal Property Valuation Schedule.)

Oklahoma Tax Commission
Ad Valorem Division
409 N.E. 28th St.
Oklahoma City, OK 73105
(405) 319-8200

WIND GENERATION COMMERCIAL

Commercial wind generation facilities are defined to have multiple wind turbines that produce electricity for sale and are subject to local ad valorem taxation.

Addressing Functional Obsolescence as required by the IAAO appraisal standards requires a different valuation process for Wind Generation. Taking the moveable parts section of the Wind Turbine known as the Nacelle and giving it a life year of 12 addresses the Functional Obsolescence issue and maintains the integrity of the Schedule. The remainder of the components will use the 25 year life using actual age and condition to determine loss in value. Addressing Economic Obsolescence may also be required as advances in technology are making the turbines more efficient so as the effective age increases so does the obsolescence factor to be applied. Evidence of additional depreciation which may exist shall be provided by the taxpayer to the county assessor. Evidence may include but not limited to: Federal and/or state financial reports, income and expense statements, balance sheets and journals, impairment studies, and other information that may be required or requested by the county assessor to substantiate additional depreciation.

| | <u>Per Mega Watt</u> | <u>Per Tower</u> |
|-----------------------------|----------------------|------------------|
| Replacement Cost New | 1,576,835 | 3,126,566 |

The above replacement cost new values have been derived from the median value of current investment cost of newly installed wind generation parks. The Nacelle customarily represent approximately 60% of RCN and the remainder of the components represents 40% of RCN. The above values should be depreciated based on the assets current effective age using a 12 year life table for the nacelle and a 25 year life table for the remainder of the assets as stated above. (Trending factors do not need to be applied to replacement cost new.)

All information shall be organized in a comprehensive document and provided to the county assessor each year additional depreciation is claimed. The assessor may consider additional depreciation upon submission of written documents demonstrating such depreciation by the tax payer.