SUBJECT: Property Tax -- State Tax Commissioner's Statement Concerning Primary
Reliance on the Green Guide for the Appraisal of Used Heavy Equipment.

On July 26, 1991, the State Tax Department filed Legislative Regulations § 110 CSR 1P-1 et seq.
concerning the appraisal of industrial real and personal property. This notice will address the
Department's primary reliance on the Green Guide for the appraisal for property tax purposes of
used heavy equipment.

DISCUSSION

The Green Guide for Administrative Valuation and Assessment of Used Construction Equipment
provides a comprehensive, reliable, and up-to-date source for estimates of current market value
of construction equipment manufactured during the past ten years.

The values in this guide are derived from an extensive data reporting system supplied by
equipment dealers and distributors, manufacturers, auctioneers, and contractors. This information
is analyzed by the professional staff of the Green Guide using the most up-to-date computerized
methods. The values presented in the Green Guide are compiled from analysis of used heavy
equipment sales. Standard economic analysis (including such factors as inflation and
depreciation rates, current replacement costs, average life of equipment, supply and demand,
and current construction industry activity) is used in conjunction with actual sales reports and are
relied upon when sufficient sales data on any particular piece of equipment is not available.

The values presented in the Green Guide represent a nationwide average for equipment in typical
working condition. Any dollar amounts shown in this guide are adjusted to fit the mechanical
condition of a specific unit. Market conditions also have a bearing on the value of equipment and
can vary in different areas. Each section in the Green Guide has a value modification map, and
where sufficient data exists a percentage change (plus or minus) from average values is indicated
by region.

The Green Guide has been in publication for over thirty (30) years and there are roughly 6,000
guides in circulation today that are used by the following industries or categories of industries.

- Agriculture Equip. Mfg.
- Gen. Bldg. Contractors
- Logging Companies
- State Government
- Construction Dealers
- Consulting Engineers
- Appraisers
- Leasing Companies
- Utility/Power
- Lift Truck Mfg.
- Architects
- Import/Export Companies
- Hwy/Heavy Const. Contractors
- Const. Material Mfg.
- Mining Companies
- County/Local Government
- Lift Truck Dealers
- Unions/Trade Associations
- Auctioneers
- Banks
- Heavy Equip. Mfg.
- Federal Government
- Insurance Companies
- Construction Mfg

The Green Guide's average resale value for heavy equipment that is used by the State Tax
Department reflects the national average of prices, adjusted to this region, reflecting equipment
sold by dealers and contractors under fair market conditions. It is considered to be the price that
an end user and willing buyer will pay for a machine for which he has an immediate use. The
Green Guides are used and accepted by a wide range of industries and have long been the
standard used by the State Tax Department for referencing used heavy equipment values.
For more information concerning the appraisal of used heavy equipment, please contact the Property Tax Division of the State Tax Department at telephone number (304) 558-3940.

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