5703-3-13 **Tangible personal property tax; replacement allowance; hotels.**

(A) Taxpayers who operate hotels and motels and maintain no records of actual disposals of furniture and fixtures may compute replacement allowances used in the true value computation when replacing furniture and fixtures in the current tax year. This computation method assumes that a hotel or motel has a fixed floor plan with a constant amount of furnishings for the rooms.

(B) The cost index to be used in computing replacement allowances under this rule shall be the annual comparative equipment costs for the hotel industry published by the "Marshall and Stevens Publication Co." in "Stevens Valuations Quarterly."

(C) It shall be assumed that the oldest acquisitions are the first replaced.

(D) The replacement allowance is computed in the following manner: Divide the cost index applicable for the year during which the personal property being replaced was acquired by the cost index for the current tax year. The cost of the current acquisition is multiplied by this quotient to compute the estimated original cost of the property replaced. The resulting amount is deducted from the cost in the oldest year of acquisition. If there is insufficient cost in the oldest year, the index for the next oldest year should be calculated and applied to the remaining cost.

(E) Furniture and fixtures installed in a new addition or new rooms of an existing hotel or motel must be treated separately from the pre-existing portion of the facility for purposes of computing replacement allowances under this rule.