



Memorandum

To : Ramon J. Hirsig
Acting Division Chief
Valuation Division, MIC:61

Date: March 14, 1996

From : Larry Augusta
Assistant Chief Counsel

Subject: Depreciation of Car Betterments under § 11292

In your memo to me of February 18, 1996, you asked for my opinion as to which of two conflicting interpretations of subdivision (g) of Rev. and Tax. Code §11292 should prevail.

While the matter is not entirely free from doubt, it is my conclusion that the better view for our purposes is that the betterments should be included in the acquisition cost of the car regardless of when the betterment is placed on the car. In other words, the accumulated depreciation to be assigned to a betterment is that based on the age and total depreciable life of the railcar to which the betterment has been applied.

A handwritten signature in cursive script, reading "Larry Augusta", is positioned to the right of the main text.

cc: Mr. James Speed
Mr. Harold Hale
Mr. David Hendrick
Mr. James M. Williams