

TABLE 2—RECOVERY PERIODS AND DEPRECIATION METHODS BY TYPE OF CAPITAL

Type of capital	Recovery period, <i>R</i> (years)	Tax depreciation rate, $\hat{\delta}$ (percent)	Method
Tractor units for over-the-road use, horses over 12 years of age or racehorses with over 2 years in service	3	66.7	200 DB
Computers and office equipment; light vehicles, buses and trucks	5	40.0	200 DB
Miscellaneous equipment, office furniture, agricultural equipment	7	28.6 or 21.4	200 DB or 150 DB
Water transportation equipment (vessels and barges); single-purpose agricultural structures	10	20.0 or 15.0	200 DB or 150 DB
Radio towers, cable lines, pipelines, electricity generation and distribution systems, “land improvements,” e.g., sidewalks, roads, canals, drainage systems, sewers, docks, bridges, engines and turbines	15	10.0	150 DB
Farm buildings (other than single purpose structures), railroad structures, telephone communications, electric utilities, water utilities structures including dams, and canals	20	7.5	150 DB
Nonresidential real property (office buildings, storehouses, warehouses, etc.)	39	2.6	SL

*Note:* Tax depreciation methods are 200 percent declining balance (200 DB), 150 percent declining balance (150 DB), and straight line (SL).