
**OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM**

TO: GOVERNOR MUSGROVE

FROM: FELICIA GAVIN

RE: REGULATION 504 - DEPRECIATION

DATE: JUNE 12, 2002

Mississippi State Tax Commission Regulation 504 needs your approval. Lester Herrington asked me to briefly explain this regulation to you and to get your signature on the regulation.

The intent of the regulation is to clarify what the State allows as depreciation. It is to communicate clearly that Mississippi will not follow the Federal guidelines in regard to the "bonus" depreciation since such "bonus" depreciation is contrary to the context and intent of Mississippi law. This is an accelerated depreciation method. The law allows for reasonable depreciation. This is not considered reasonable. This will cost the State approximately \$25-\$30M per year.

Please call with questions. Please sign and return to me. Thanks.