

PRO-WARE, LLC

| State | Bonus Depreciation Conforms to Federal | Section 179 Conforms to Federal | Notes |
|--------------------------|---|------------------------------------|--------------------------------------|
| Alabama | Yes | Yes | |
| Alaska | no state tax | no state tax | |
| Arizona | no | \$25,000 | Special #4 - see below |
| Arkansas | no | \$25,000 | Use STATE25K for method description |
| California | no | \$25,000 | Use STATE25K for method description |
| Colorado | Yes | Yes | |
| Connecticut | Yes | Yes | |
| Delaware | Yes | Yes | |
| Dist. of Columbia | no | \$25,000 | Use STATE25K for method description |
| Florida | no state tax | no state tax | |
| Georgia | no | \$25,000 | Use STATE25K for method description |
| Hawaii | no | \$25,000 | Use STATE25K for method description |
| Idaho | no | Yes | Use STATE500K for method description |
| Illinois | no | Yes | Special #6 - see below |
| Indiana | no | \$25,000 | Use STATE25K for method description |
| Iowa | no | Yes | Use STATE500K for method description |
| Kansas | Yes | Yes | |
| Kentucky | no | \$25,000 | Use STATE25K for method description |
| Louisiana | Yes | Yes | |
| Maine | no | Yes | Use STATE500K for method description |
| Maryland | no | \$25,000 | Use STATE25K for method description |
| Massachusetts | no | Yes | Use STATE500K for method description |
| Michigan | Yes | Yes | |
| Minnesota | no | \$25,000 | Special #1 - see below |
| Mississippi | no | Yes | Use STATE500K for method description |
| Missouri | Yes | Yes | |
| Montana | Yes | Yes | |
| Nebraska | Yes | Yes | |

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|-----------------------|---|------------------------------------|--------------------------------------|
| Nevada | no state tax | no state tax | |
| New Hampshire | no | \$25,000 | Use STATE25K for method description |
| New Jersey | no | \$25,000 | Use STATE25K for method description |
| New Mexico | Yes | Yes | |
| New York | no | Yes | Use STATE500K for method description |
| North Carolina | no | \$25,000 | Special #3 - see below |
| North Dakota | Yes | Yes | |
| Ohio | no | \$25,000 | Special #2 - see below |
| Oklahoma | Yes | Yes | |
| Oregon | Yes | Yes | |
| Pennsylvania | no | \$25,000 | Special #5 - see below |
| Rhode Island | no | Yes | Use STATE500K for method description |
| South Carolina | no | Yes | Use STATE500K for method description |
| South Dakota | no state tax | no state tax | |
| Tennessee | Yes | Yes | |
| Texas | no state tax | no state tax | * see Note below |
| Utah | Yes | Yes | |
| Vermont | no | Yes | Use STATE500K for method description |
| Virginia | no | Yes | Use STATE500K for method description |
| Washington | no state tax | no state tax | |
| West Virginia | Yes | Yes | |
| Wisconsin | no | Yes | Use STATE500K for method description |
| Wyoming | no state tax | no state tax | |

* Texas does have a Franchise tax and for entities that have a Cost of Goods Sold and sell real or tangible personal property in the ordinary course of business, you can claim \$ 25,000 of Section 179.

SPECIAL STATE CALCULATIONS

The following state methods are processed in accordance with the add-back and add-on provisions of the individual state.

| State | Special instructions |
|---------------------|---|
| #1 - Minnesota | <p>No state method required.</p> <p>You must add-back 80% of the bonus depreciation claimed and 80% of the excess Section 179 (amount in excess of \$ 25,000) in the year claimed. You add-on 20% of the add-back amounts over the next 5 years.</p> |
| #2 - Ohio | <p>No state method required.</p> <p>You must add-back 83.33% of the bonus depreciation claimed and 83.33% of the excess Section 179 (amount in excess of \$ 25,000) in the year claimed. You add-on 20% of the add-back amounts over the next 5 years.</p> |
| #3 - North Carolina | <p>No state method required.</p> <p>You must add-back 85% of the bonus depreciation claimed and 85% of the excess Section 179 (amount in excess of \$ 25,000) in the year claimed. You add-on 20% of the add-back amounts over the next 5 years.</p> |
| #4 - Arizona | <p>If a state method is maintained:</p> <p>You do not have to do any add-on calculations because the separate method will not have bonus (on assets acquired prior to 2013) nor will it have excess section 179. Section 179 is limited to \$ 25,000.</p> <p>If NO state method is maintained:</p> <p>Bonus claimed on assets prior to 2013 must be added-back. Bonus add-back is recovered when the asset is disposed or when the life expires. Section 179 in excess of \$ 25,000 must be added-back and added-on over the current and next 4 years at the rate of 20%.</p> |
| #5 - Pennsylvania | <p>Requires a state method!</p> <p>Claim bonus for both the Federal and state method. Add-on bonus will be calculated at 3/7th of the Federal depreciation. Any unrecovered bonus depreciation is recovered in the final year of the assets life or when the asset is disposed, which ever occurs first. State method Section 179 is limited to \$ 25,000,</p> |
| #6 - Illinois | <p>No state method is required.</p> <p>Add-back all bonus depreciation if the bonus rate is 50%. Add-on at the rate of 100% of the Federal depreciation excluding any bonus amounts included in the Federal depreciation. Any unrecovered bonus</p> |

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Special state descriptions to identify groups of states.

STATE25K - Use for states that do not allow bonus and only allow \$ 25,000 of Section 179

Arkansas, California, District of Columbia, Georgia, Hawaii, Indiana, Kentucky, Maryland, New Hampshire, New Jersey, Virginia, and Texas (for entities with a cost of good sold that qualify)

STATE500K - Use for states that do not allow bonus, but do allow Federal Section 179 limits

Idaho, Iowa, Maine, Massachusetts, Mississippi, New York, Rhode Island, South Carolina, Vermont, Wisconsin