COMPTROLLER’S MEMORANDUM NO. 2014-29

TO: Heads of Departments and Agencies

ATTN: Fiscal Offices

FROM: Dean H. Seki, Comptroller

SUBJECT: Capitalization Thresholds and Estimated Useful Lives for Intangible Assets


Capitalization thresholds and estimated useful lives for the primary government are as follows:

<table>
<thead>
<tr>
<th>Intangible Asset Category</th>
<th>Capitalization Threshold</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software internally generated</td>
<td>$1,000,000</td>
<td>5-15 years</td>
</tr>
<tr>
<td>Computer software purchased</td>
<td>$1,000,000</td>
<td>5-15 years</td>
</tr>
<tr>
<td>Easement &amp; land use rights</td>
<td>$100,000</td>
<td>30* years</td>
</tr>
<tr>
<td>Other intangible asset</td>
<td>$100,000</td>
<td>30 years</td>
</tr>
</tbody>
</table>

* Except for easements and land use rights that are of a perpetual nature which are not amortized.

Component Units (Hawaii Community Development Authority, Hawaii Health Systems Corporation, Hawaii Housing Finance and Development Corp, Hawaii Hurricane Relief Fund, Hawaii Public Housing Authority, Hawaii Tourism Authority, and the University of Hawaii) and major enterprise funds (Department of Transportation Airports and Harbors) shall establish separate capitalization thresholds and estimated useful lives in consultation with their auditors and with the Department of Accounting and General Services Accounting Division.

Should you have any questions regarding this memorandum, your staff may call Mr. Wayne Horie, Accounting System Administrator, at 586-0600.