**INTANGIBLE ASSETS - 8615**
**(Revised: ~~10/2020~~10/2026)**

An intangible asset ~~is an asset that~~ possesses all of the following characteristics:

- Lacks physical substance. It may be contained in, on, or ~~on~~associated with an item ~~with~~that has physical substance (e.g., software stored on a compact disc~~),~~ or ~~it may be closely~~right-of-way easement associated with ~~another item that has physical substance (e.g., the underlying land in the case of right-of-way easements~~).

- Is nonfinancial in nature. ~~Not~~It is not in ~~a~~ monetary form, similar to cash ~~and~~or investment securities~~. It~~; does not represent a claim or right to assets in ~~a~~ monetary form, similar to receivables~~. Is~~; and is not a prepayment for goods and services.

- Has an initial useful life extending beyond a single reporting period.
- Is identifiable. ~~An intangible asset~~It is considered identifiable when it meets either of the following conditions ~~is met~~:

    - The asset is separable. The asset ~~is capable of being~~ can be separated or divided from the ~~agency/~~department and sold, transferred, licensed, rented, or exchanged~~, either~~ individually or together with a related contract, asset, or liability.
    - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the ~~agency/~~department or from other rights and obligations.

~~Intangible assets are recorded at cost. Typical~~Departments will record intangible assets at cost. Intangible asset costs may include the purchase price, development costs associated with internally generated intangible assets ~~(see SAM section 8615.3),~~ legal fees, and other costs incurred to obtain title to the asset. ~~Capitalize~~For information on internally generated intangible assets ~~that meet the capitalization threshold in SAM section 8602 and do not have an inexhaustible useful life.~~, see SAM Section 8615.3.

~~Three~~Departments will capitalize intangible assets that meet the capitalization threshold in SAM Section 8602. Departments do not amortize intangible assets with indefinite useful lives.

The following types of intangible assets are excluded from this policy:

- Intangible assets acquired or created primarily ~~for obtaining~~to obtain income or profit. ~~These~~Departments will record these assets ~~should be recorded~~ as ~~an investment~~investments.
- Assets resulting from capital lease transactions reported by lessees. For information on right-to-use lease assets and subscription-based information technology arrangements, see SAM Sections 8615.4 and 8615.5.
- Goodwill created through the combination of another entity and a state department.

~~Other Intangible assets are recorded in the following accounts:~~

~~•~~ For the recording of various intangible asset types, see SAM Sections 8615.1 through 8615.5. Departments will record patents, copyrights, trademarks, and other intangible assets that are not included in these sections in the following accounts:

- Account No. 1620600, Patents, Copyrights~~,~~ and Trademarks ~~in Account 1620600 (Legacy~~ - Amortizable
- Account ~~2413) or~~No. 1625600 ~~(Legacy~~ , Patents, Copyrights and Trademarks - Non-Amortizable
- Account ~~2423)~~No. 1620900, Other Intangible Assets - Amortizable

~~•~~ Account No. 1625900, Other Intangible Assets ~~in Account 1620900 (Legacy Account 2414) or Account 1625900~~

~~(Legacy Account 2424)~~

- - Non-Amortizable