

**M e m o r a n d u m**

To: Honorable Jerome E. Horton, Chairman  
 Senator George Runner, Vice Chair  
 Honorable Fiona Ma, CPA, Second District  
 Honorable Diane L. Harkey, Fourth District  
 Honorable Betty T. Yee, State Controller

Date: October 6, 2015

From:   
 Dean R. Kinnee, Deputy Director  
 Property Tax Department

Subject: **2016 Timberland Production Zone Values**  
**Administrative Consent Agenda – November 2015**

Section 434.5 of the Revenue and Taxation Code requires that, by November 30 of each year, the Board certify to county assessors the current values of lands zoned for timberland production. Section 434.5 also specifies that the values, which vary according to defined sites within three regions, be determined based on a specified formula.

On the 2016 lien date, land zoned for timberland production shall be valued per acre according to the following schedule. These 2016 values will be mailed to the county assessors after certification by the Board.

Redwood Region		Whitewood Region		Pine-Mixed Conifer Region	
Site I	\$208	Site I	\$146	Site I	\$115
Site II	169	Site II	109	Site II	82
Site III	146	Site III	93	Site III	61
Site IV	129	Site IV	67	Site IV	44
Site V	41	Site V	35	Site V	23

When the assessor, pursuant to Revenue and Taxation Code section 434, designates a timberland parcel or portion thereof as inoperable, such timberland parcel, or portion thereof, shall be valued as if it is Site V.

The 2016 values have increased by \$1 - \$11 per acre (5.35%) due to a combination of low timber values dropping out of the calculations and an increase in timber values and volumes harvested over the past several years. Attached is a detailed analysis showing the calculations made to determine these values.

This item is scheduled for Board consideration on the November 17, 2015, Property Taxes Administrative Consent Calendar.

DRK:ah  
 Attachment

Approved: 

Cynthia Bridges, Executive Director

BOARD APPROVED

at the 11-17-15 Board Meeting

  
 Joann Richmond, Chief

Board Proceedings Division

**STATE BOARD OF EQUALIZATION  
CALCULATION OF TIMBERLAND PRODUCTION ZONE VALUES  
FOR LIEN DATE 2016**

AVERAGE HARVEST VALUE PER M BOARD FEET BY FISCAL YEAR

<u>Fiscal Year</u>	<u>Volume (M)*</u>	<u>Harvest Value*</u>	<u>Average Per MBF</u>
2009-2010	958,119	\$ 106,651,574	\$111.31
2010-2011	1,173,041	\$ 224,330,280	\$191.24
2011-2012	1,417,764	\$ 302,836,426	\$213.60
2012-2013	1,463,759	\$ 272,437,873	\$186.12
2013-2014	1,618,076	\$ 330,850,005	\$204.47
2014-2015	1,651,543	\$ 344,236,721	\$208.43

CALCULATION OF THE CHANGE TO BE APPLIED TO TPZ SITE VALUES

(Revenue and Taxation Code Section 434.5(b))

<u>Fiscal Year</u>	<u>Average Per MBF</u>
2009-2010	\$ 111.31
2010-2011	\$ 191.24
2011-2012	\$ 213.60
2012-2013	\$ 186.12
2013-2014	<u>\$ 204.47</u>
	\$ 906.74/ 5 = \$181.35
2010-2011	\$ 191.24
2011-2012	\$ 213.60
2012-2013	\$ 186.12
2013-2014	\$ 204.47
2014-2015	<u>\$ 208.43</u>
	\$1,003.86/ 5 = \$200.77

$$((\$200.77 - \$181.35) / \$181.35) \times 100 = 10.7\%$$

One-Half Change Applied to Land Value:  $10.7\% / 2 = 5.35\%$  Change

\*Summary of data provided by taxpayers on Timber Yield Tax returns.

**STATE BOARD OF EQUALIZATION  
CALCULATION OF TIMBERLAND PRODUCTION ZONE VALUES  
FOR LIEN DATE 2016**

	<u>Lien Date 2015 Timberland Value</u>	<u>(5.35%) Change</u>	<u>Lien Date 2016 Timberland Value</u>
<u>REDWOOD REGION</u>			
Site I	\$197	\$11	\$208
Site II	\$160	\$ 9	\$169
Site III	\$139	\$ 7	\$146
Site IV	\$122	\$ 7	\$129
Site V	\$ 39	\$ 2	\$ 41
<u>WHITEWOOD SUBZONE OF THE REDWOOD REGION</u>			
Site I	\$139	\$ 7	\$146
Site II	\$103	\$ 6	\$109
Site III	\$ 88	\$ 5	\$ 93
Site IV	\$ 64	\$ 3	\$ 67
Site V	\$ 33	\$ 2	\$ 35
<u>PINE-MIXED CONIFER REGION</u>			
Site I	\$109	\$ 6	\$115
Site II	\$ 78	\$ 4	\$ 82
Site III	\$ 58	\$ 3	\$ 61
Site IV	\$ 42	\$ 2	\$ 44
Site V	\$ 22	\$ 1	\$ 23

## VALUE OF TIMBERLAND

(Section 434.5, Revenue and Taxation Code)

On the 2016 lien date, timberland shall be valued per acre according to the following schedule:

<u>REDWOOD REGION</u>		<u>WHITEWOOD SUBZONE</u>		<u>PINE-MIXED CONIFER REGION</u>	
SITE I	\$208	SITE I	\$146	SITE I	\$115
SITE II	\$169	SITE II	\$109	SITE II	\$ 82
SITE III	\$146	SITE III	\$ 93	SITE III	\$ 61
SITE IV	\$129	SITE IV	\$ 67	SITE IV	\$ 44
SITE V	\$ 41	SITE V	\$ 35	SITE V	\$ 23

When the assessor, pursuant to Section 434 of the Revenue and Taxation Code, designates a timberland parcel or portion thereof as inoperable, such timberland parcel, or portion thereof, shall be valued as if it is Site V.