

Memorandum

To: Honorable Fiona Ma, CPA, Chairwoman
Honorable Diane L. Harkey, Vice Chair
Senator George Runner (Ret.), First District
Honorable James E. Horton, Third District
Honorable Betty T. Yee, State Controller

Date: September 29, 2016

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

Subject: **2017 Timberland Production Zone Values**
Administrative Consent Agenda – October 25, 2016

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 2017 lien date, land zoned for timberland production shall be valued per acre according to the following schedule. These 2017 values will be mailed to the county assessors after certification by the Board.

Redwood Region		Whitewood Region		Pine-Mixed Conifer Region	
Site I	\$210	Site I	\$147	Site I	\$116
Site II	\$171	Site II	\$110	Site II	\$ 83
Site III	\$147	Site III	\$ 94	Site III	\$ 62
Site IV	\$130	Site IV	\$ 68	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 2017 values have increased by \$1- \$2 per acre (0.95%). Although inland prices are still somewhat depressed because of continued lower value salvage prices due to wildfire and drought conditions, the coastal Redwood market remains very strong. Attached is a detailed analysis showing the calculations made to determine these values.

This item is scheduled for Board consideration on October 25, 2016, Property Taxes Administrative Consent Calendar

DK:at
Attachment

Approved: *David J. Gau*

David J. Gau, Executive Director

BOARD APPROVED

at the 10/25/16 Board Meeting

Joann Richmond
Joann Richmond, Chief

Board Proceedings Division

**STATE BOARD OF EQUALIZATION
CALCULATION OF TIMBERLAND PRODUCTION ZONE VALUES
FOR LIEN DATE 2017**

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>
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
2015-2016	1,393,981	\$ 292,848,465	\$210.08

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>
2010-2011	\$ 191.24
2011-2012	\$ 213.60
2012-2013	\$ 186.12
2013-2014	\$ 204.47
2014-2015	\$ 208.43

$\$1,003.86 / 5 = \200.77

2011-2012	\$ 213.60
2012-2013	\$ 186.12
2013-2014	\$ 204.47
2014-2015	\$ 208.43
2015-2016	\$ 210.08

$\$1,022.70 / 5 = \204.54

$$((\$204.54 - \$200.77) / \$200.77) \times 100 = 1.90\%$$

One-Half Change Applied to Land Value: $1.90\% / 2 = 0.95\%$ 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 2017**

	<u>Lien Date 2016 Timberland Value</u>	<u>(0.95%) Change</u>	<u>Lien Date 2017 Timberland Value</u>
<u>REDWOOD REGION</u>			
Site I	\$208	\$ 2	\$210
Site II	\$169	\$ 2	\$171
Site III	\$146	\$ 1	\$147
Site IV	\$129	\$ 1	\$130
Site V	\$ 41	\$ 0	\$ 41
<u>WHITEWOOD SUBZONE OF THE REDWOOD REGION</u>			
Site I	\$146	\$ 1	\$147
Site II	\$109	\$ 1	\$110
Site III	\$ 93	\$ 1	\$ 94
Site IV	\$ 67	\$ 1	\$ 68
Site V	\$ 35	\$ 0	\$ 35
<u>PINE-MIXED CONIFER REGION</u>			
Site I	\$115	\$ 1	\$116
Site II	\$ 82	\$ 1	\$ 83
Site III	\$ 61	\$ 1	\$ 62
Site IV	\$ 44	\$ 0	\$ 44
Site V	\$ 23	\$ 0	\$ 23

VALUE OF TIMBERLAND

(Section 434.5, Revenue and Taxation Code)

On the 2017 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	\$210	SITE I	\$147	SITE I	\$116
SITE II	\$171	SITE II	\$110	SITE II	\$ 83
SITE III	\$147	SITE III	\$ 94	SITE III	\$ 62
SITE IV	\$130	SITE IV	\$ 68	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.