



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
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Controller, Sacramento

E.L. SORENSON, JR.
Executive Director

Via Facsimile and U.S. Mail
July 26, 1999

**Re: Revenue and Taxation Code section 434.5 as it applies to timberland
Valuation involving the Whitewood Subzone of the Redwood Region**

Dear Mr. _____ :

You have been involved in an ongoing dispute with the [Redacted] County Assessor's Office regarding the TPZ site classification and valuation of your [Redacted]-acre timberland property. This issue was scheduled to be heard at an appeals hearing before the [Redacted] County Board of Supervisors meeting as the County Board of Equalization on [Redacted], however, you did not appear.

You have requested a second opinion letter from us that would clarify our interpretation of section 434.5 of the Revenue and Taxation Code. Specifically, you ask whether, pursuant to section 434.5, the assessor may reclassify a portion of your timberland from [Redacted] Region to the [Redacted] Subzone of the [Redacted] Region. As will be discussed herein, the short answer to your question is yes.

You had previously appealed an assessment of your property to the [Redacted] County Board of Supervisors meeting as the County Board of Equalization on [Redacted]. The Board upheld the assessor's opinion of value, apparently based on the assessor's interpretation of section 434.1(b) that the statute of limitations had expired for an appeal based on the assessor's site classification of the property. Upon your request, I provided a letter, dated September 15, 1998, which clarified that the TPZ site classifications and values used by the assessor for valuation purposes are appealable annually.

The basis for the pending appeal is that you would like the assessor to reclassify the western portion of your property from [Redacted] Region to [Redacted] Subzone of the [Redacted] Region. You state that the western portion of your property had many large Redwood trees, which were harvested about [Redacted] 47 years ago, and Tank Oak and other hardwoods are the predominant species, not Redwood.

The legislative history of Section 434.5 indicates that the Legislature initially defined two regions for purposes of valuing timberland, the Redwood Region and Pine-Mixed Conifer Region. Thus, under the law existing at that time, all timberland in the Redwood Region, including property with Douglas Fir (Whitewood) was valued as timberland within that region. The intent of the 1984 legislative amendment to section 434.5¹ was to establish a Whitewood

¹ Stats. 1984, Ch. 634, SB 1724, effective January 1, 1985.

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Subzone within the Redwood Region and to set values per acre within the subzone for the purpose of assessing timberland property within the Redwood Region as other than Redwood. Section 434.5, as amended, allows timberland with Douglas Fir in the Whitewood Subzone of the Redwood Region to be assessed as Whitewood, or more in relation to its value. (See attachment, legislative analysis by bill sponsor, Senator Barry Keene)

Subdivision (a)(2) of section 434.5 defines Whitewood Subzone of the Redwood Region as timberland located within the Redwood Region in which the assessor has determined that: (1) redwood never existed as a species in the composition of the original timber stand; or (2) Redwood trees existed and were harvested but the timberland was not replanted with redwood for commercial purposes. The latter falls within the factual situation existing on the western portion of your property.

You also inquire about whether the site classification of timberland is based on the soil potential for growing a particular species or on the species actually on the land. As my letter of September 15, 1998 explains, timberland is rated for productivity based on the its ability or potential to produce wood growth on trees, with Site I having the best soil and the highest productivity and Site V having the poorest soil with the lowest productivity. (California Code of Regulations, Title 18, Property Tax Rule 1021) The site classification table in Rule 1021 measures land productivity by the rate of tree growth, specifically, the average height of the dominant trees at 100 years of age. In addition, the table sets forth each of the five site quality classes within each of three general forest types, Redwood, Douglas Fir and Mixed Conifers. Thus, Rule 1021 requires the Assessor to grade timberland based on its productivity for the particular species growing on the property.

In separate telephone conversations, I have advised you and [Redacted] of the assessor's office that site classification for purposes of section 434.5 was reviewable in cases where Redwood trees on timberland property in the Redwood Region had been harvested and the property had not been replanted with Redwood trees for commercial purposes. I further advised that this issue could not be resolved without the assessor's staff inspecting your property to determine whether it was appropriate to reclassify part of your property within the Redwood Region as property within the Whitewood Subzone of the Redwood Region. Mr. [Redacted] visited your property on June 28, 1999, and found that approximately [Redacted] acres comprising the western half of your land had Redwood trees that were harvested in the [Redacted], and that the land had not been replanted with redwood, for commercial purposes or otherwise. You had previously asserted that two-thirds of the Redwood trees had been harvested in this portion of your land. During Mr. [Redacted] inspection of your property, he was able to confirm this assertion as fact.

In correspondence to you, dated July 12, 1999, Mr. [Redacted] proposed a compromise that two-thirds of the [Redacted] acres be reclassified from Redwood Region to the Whitewood Subzone of the Redwood Region, pursuant to section 434.5. Should the western half of your property be replanted with Redwood trees for commercial purposes at some future date, the assessor could reclassify the property from Whitewood Subzone of the Redwood Region to the Redwood Region. You have not yet responded to the proposal.

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The view expressed in this letter represent the analysis of the legal staff of the Board based on the present law and facts set forth herein. Therefore, they are not binding on any person or entity. We defer the final conclusion to the [Redacted] County Assessor's Office, subject to review by the [Redacted] County Board of Equalization, as the appropriate region classification and site classification to be used when valuing your timberland property.

Very Truly Yours,

/s/Mary Ann Alonzo

Mary Ann Alonzo
Tax Counsel

MAA:jd
H:/property/precedent/timbertyx/1999/07maa

Attachment

cc:

Mr. Richard Johnson, MIC: 63
County Property Tax Division
Mr. Gary Platz, MIC: 60
Mr. Ken McManigal