

STATE BOARD OF EQUALIZATION

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April 21, 1977

#77/65

TO COUNTY ASSESSORS:

TAXATION OF CHRISTMAS TREES

We issued a county assessors' letter #76/184 on December 1, 1976 titled "Christmas Trees and Nursery Stock" wherein we attempted to explain the timber yield tax and ad valorem tax applications to Christmas tree operations. Apparently the letter left some confusion since we are still receiving inquiries.

Christmas trees held for sale as living trees in containers and trees which are to be sold as living trees with their root system intact are subject to ad valorem taxation as nursery stock. This would apply even where the trees are grown for sale and transplanting to forest or tree farm operators either as seedlings or as more mature trees.

Conversely, where the trees are grown in a forest, or a tree farm, or even on property operated by a person in the nursery business, they would be treated as subject to the timber yield tax if they are to be severed for sale.

In summary, if the trees are to be sold as living trees, the ad valorem taxation applies; if they are to be severed from the root system, then the timber yield tax applies.

Sincerely,

*Jack F. Eisenlauer*

Jack F. Eisenlauer, Chief  
Assessment Standards Division

JFE:ebv