

M e m o r a n d u m

To: Honorable Jerome E. Horton, Chairman
Honorable Michelle Steel, Vice Chair
Honorable Betty T. Yee, First District
Senator George Runner, Second District
Honorable John Chiang, State Controller

Date: November 1, 2011

From: David J. Gau, Deputy Director 
Property and Special Taxes Department

Subject: **2012 Timberland Production Zone Values**
(November 2011 Administrative Consent Agenda)

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 2012 lien date, land zoned for timberland production shall be valued per acre according to the following schedule. These 2012 values will be mailed to the county assessors after certification by the Board.

Redwood Region		Whitewood Region		Pine-Mixed Conifer Region	
Site I	\$216	Site I	\$153	Site I	\$119
Site II	\$176	Site II	\$113	Site II	\$ 85
Site III	\$153	Site III	\$ 96	Site III	\$ 64
Site IV	\$134	Site IV	\$ 71	Site IV	\$ 46
Site V	\$ 43	Site V	\$ 37	Site V	\$ 24

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 2012 values have all decreased by \$1 to \$12 per acre due to a decrease in timber values over the past several years. Attached is a detailed analysis showing the calculations made to determine these values.

Please place this item on the Board's November 2011 Administrative Consent Calendar for approval.

DJG:gf
Attachment

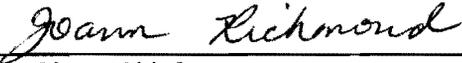
cc: Ms. Diane Olson
Mr. Ken Thompson

Approved: 

Kristine Cazadd, Executive Director

BOARD APPROVED

at the November 15, 2011 Board Meeting


for Diane Olson, Chief
Board Proceedings Division

**STATE BOARD OF EQUALIZATION
CALCULATION OF TIMBERLAND PRODUCTION ZONE VALUES
FOR LIEN DATE 2012**

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>
2005-2006	1,716,149	\$ 539,656,327	\$314.46
2006-2007	1,718,997	\$ 554,954,366	\$322.84
2007-2008	1,567,681	\$ 433,088,834	\$276.26
2008-2009	1,107,503	\$ 211,599,743	\$191.06
2009-2010	958,119	\$ 106,651,574	\$111.31
2010-2011	1,173,041	\$ 224,330,280	\$191.24

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>
2005-2006	\$ 314.46
2006-2007	\$ 322.84
2007-2008	\$ 276.26
2008-2009	\$ 191.06
2009-2010	\$ 111.31
	\$ 1215.93/ 5 = \$243.19
2006-2007	\$ 322.84
2007-2008	\$ 276.26
2008-2009	\$ 191.06
2009-2010	\$ 111.31
2010-2011	\$ 191.24
	\$1092.71/ 5 = \$218.54

$$((\$218.54 - \$243.19) / \$243.19) \times 100 = -10.1\%$$

One-Half Change Applied to Land Value: $-10.1\% / 2 = -5.05\%$ 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 2012**

	<u>Lien Date 2011 Timberland Value</u>	<u>(-5.05%) Change</u>	<u>Lien Date 2012 Timberland Value</u>
 <u>REDWOOD REGION</u>			
Site I	\$228	\$(-) 12	\$216
Site II	\$185	\$(-) 9	\$176
Site III	\$161	\$(-) 8	\$153
Site IV	\$141	\$(-) 7	\$134
Site V	\$ 45	\$(-) 2	\$ 43
 <u>WHITEWOOD SUBZONE OF THE REDWOOD REGION</u>			
Site I	\$161	\$(-) 8	\$153
Site II	\$119	\$(-) 6	\$113
Site III	\$101	\$(-) 5	\$ 96
Site IV	\$ 75	\$(-) 4	\$ 71
Site V	\$ 39	\$(-) 2	\$ 37
 <u>PINE-MIXED CONIFER REGION</u>			
Site I	\$125	\$(-) 6	\$119
Site II	\$ 89	\$(-) 4	\$ 85
Site III	\$ 67	\$(-) 3	\$ 64
Site IV	\$ 48	\$(-) 2	\$ 46
Site V	\$ 25	\$(-) 1	\$ 24

VALUE OF TIMBERLAND

(Section 434.5, Revenue and Taxation Code)

On the 2012 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	\$216	SITE I	\$153	SITE I	\$119
SITE II	\$176	SITE II	\$113	SITE II	\$ 85
SITE III	\$153	SITE III	\$ 96	SITE III	\$ 64
SITE IV	\$134	SITE IV	\$ 71	SITE IV	\$ 46
SITE V	\$ 43	SITE V	\$ 37	SITE V	\$ 24

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.