CALIFORNIA STATE BOARD OF EQUALIZATION

HARVEST VALUES SCHEDULE, EFFECTIVE JULY 1, 2016 THROUGH DECEMBER 31, 2016

Adopted by the California State Board of Equalization June 14, 2016

GENERAL

REPORTING PROCEDURE – Timber Tax law requires that tax reporting must be done by the calendar quarter in which the timber is harvested and scaled (for example, 1Q, 2Q, 3Q, or 4Q of the calendar year). Timber tax returns must be filed using the Timber Tax Account Number of the timber owner (R&T Code section 38402). Each return shall include only timber having the same timber owner as shown for the registration of the account on the return (i.e., only report one account per tax return).

TIMBER TAX HARVEST REPORT – The Timber Tax Harvest Report is a worksheet that must be completed before preparing the Timber Tax Return. The Harvest Report must be submitted along with the Tax Return.

HARVEST VALUES SCHEDULE – The Timber Owner shall select the appropriate table values to be used for preparing the Timber Tax Harvest Report and the Timber Tax Return. The sawlog values listed in Table G (green timber) and Table S (salvage timber) are unadjusted values for timber harvested using a tractor logging system and the volume removed in the quarter is 300 thousand board feet (MBF) or more. If adjustments for an alternative logging system, small total volume, or low volume per acre applies, the harvest value will be lower than amount shown in the tables. Nine timber value areas are designated within the State, and the taxpayer must use the appropriate column of the harvest values schedule for timber harvested within each specified area. Timber value areas are shown on the map on page 4, and the boundaries of these areas follow county boundaries with exceptions in Shasta, Siskiyou, and Tehama counties.

TAX RATE – The tax rate for the period of this schedule is 2.9%.

DEFINITIONS

TIMBER HARVEST OPERATION – There are two categories of timber harvest operations:

A. A harvest on **private land** (where harvesting is generally administered by the California Department of Forestry and Fire Protection (CDF or CAL FIRE)) for an entire Timber Harvesting Plan (THP), a Notice of Timber Operations (NTO) from a Non-Industrial Timber Management Plan (NTMP), Emergency Notice, CDF Timber Harvest Plan Exemption Notice, or a combination of these sharing a common geographical area, as submitted to CDF. These different types of operations could synonymously be referred to as a CDF "Permit." Two or more timber owners who elect to combine their harvests under one harvest permit may report each harvest as a separate operation so long as *each owner has a distinct timber parcel* and *each owner has a separate yield tax account*. Taxpayers must maintain sufficient records to support the reporting of separate operations.

B. A harvest on **public land** (for example, federal, state, county, or city government-owned lands) for an entire timber sale contract between a public agency and a private party purchaser (e.g., U.S. Forest Service, BLM, or State Park Service timber bought by an individual, logging company, or a sawmill).

SPECIES – Timber species or products are reported by using the appropriate species code as shown on pages 5, 6, and 7 in the harvest values tables. Jeffrey pine, sugar pine, coulter pine and western white pine are all reported as ponderosa pine. Hem/fir includes western hemlock, mountain hemlock, white fir, red fir, grand fir, spruce, and Shasta red fir. Western red cedar is reported as incense cedar. The Miscellaneous Conifer code (CM) includes lodgepole pine, knobcone pine, gray pine, sierra redwood and other evergreen species not listed in Tables G and S**. (See Table 1 for the appropriate harvest value of CM.**) The Small Sawlogs Miscellaneous (SSM) category includes volume harvested from the operation for the entire quarter. To see if you qualify for this species code, read the definition found in the Table 1 instructions on page 5. Unsound sapwood logs are to be reported along with the other volumes for a particular species code.

GREEN TIMBER – For Timber Tax purposes, *Green Timber* is defined as trees that are healthy and, in the opinion of a Registered Professional Forester (RPF) or Professional Arborist, have a high likelihood of surviving 12 months or more if *not* harvested. Green Timber shall be reported using Table G harvest values.

- Sanitation Timber shall be reported by using the Green Timber Values Table (Table G). For Timber Tax purposes, *Sanitation Timber* is defined as live trees that are *diseased* or have some form of *mechanical damage or decay*, and are likely to survive 12 months or more, in the opinion of an RPF or Professional Arborist, if not harvested. Live trees that display obvious signs of decay from old logging scars, lightning strikes, or broken tops are also considered to be *Sanitation Timber*.

SALVAGE TIMBER – The salvage values table (Table S) is used for reporting salvage timber removed from areas designated for salvage logging. **Salvage logging is defined as the removal of dead and/or dying trees that are expected to survive less than 12 months if not harvested.** For redwood, salvage logging includes the removal of dead or down material previously left as unmerchantable.

- Salvage timber includes only dead, dying, fatally damaged, or downed trees removed from an area of salvage logging.
- Non-salvage trees removed from an area of salvage logging do not qualify to use the salvage value tables.
- Salvage trees should not be reported as salvage timber if they are removed as part of a normal green harvest.

CULL LOGS – Cull logs are any that, when scaled, show less than ¼ of its gross volume as sound, usable lumber. Cull logs are to be reported in adjusted gross thousand board feet (MBF). Unsound sapwood logs are not classified as cull logs.

LOGGING SYSTEM ADJUSTMENTS – The taxpayer must report the volume of timber harvested by logging system. Logging systems and logging codes are as follows: Tractor, which includes yarding with a winch (for example, end/long lining) , rubber-tired skidder, forwarder, feller buncher, and horse logging, is coded as "T," cable and skyline yarder as "S," and Helicopter as "H." Any system not listed here will be reported as tractor, unless a special request is made prior to logging. Note that the table values are for tractor logging; adjustments should be made when other logging systems are used.

VOLUMES – All volumes are reported in thousand board feet (MBF), net Scribner short-log scale (20 feet maximum scaling length), except where otherwise indicated in Table 1. A "*board foot*" is defined as a board measuring 1"T x 12"W x 12"L. In the abbreviation "*MBF*," the "M" is from Latin and represents 1000 (one-thousand), or three decimal points. For example, 100,000 board feet (BF) is the same as 100 MBF.

For national forest timber sold on scaled volumes, the Forest Service statements of account (billing statement) shall be the basis for determining taxable volume. For reporting lump-sum sales, use the timber volumes actually scaled during the quarter. To convert split products to a board foot basis, multiply the thickness by the width and by the length (all in inches) and divide by 144 (T" x W" x L" / 144) = board feet per piece. Volume scaled by weight (tons) or hundred cubic feet (CCF) must be converted to thousand board feet (MBF) for tax reporting purposes.

INSTRUCTIONS

AVERAGE VOLUME PER LOG (AV/L) – Log quality and log value are determined by its Size Code. The Size Code is determined by the average volume per 16-foot log segment (a 16-foot log is the industry standard preferred short log length). However, not all species have Size Codes (e.g., Hem/fir and Incense Cedar). For those species requiring a size code, only one size code may be reported in a quarter (for example, do not report multiple size codes for the same species in a reporting quarter). The taxpayer must calculate the average net volume per 16-foot log (AV/L). The average volume per log is calculated by dividing the net Scribner volume for the species (harvested in the quarter) by the total number of sixteen foot short-log scaling segments for the species. The number of scaling segments shall be determined by dividing the total number of linear feet, for each species, by 16.

Example: In the reporting quarter the pine linear feet totals 1126 L.F. ÷ 16' = 70.375 sixteen foot logs. The pine volume 20 MBF ÷ 70 whole 16-foot log segments = 0.286 MBF/log, or 286 board feet/log. The column labeled Volume Per Log in either Tables G or S shows this translates into a Size Code 2 quality log for the pine. *Cull logs are excluded when making this determination*. When the AV/L is determined from a cruise or other statistical sample prior to logging, it shall remain fixed for reporting purposes during the life of the operation.

TABLES – Harvest values tables provide the taxpayer with information necessary for reporting the timber yield tax. The following are included: Table 1 for valuing *Miscellaneous Harvest Values*, Table G for *Green Timber*, and Table S for *Salvage Timber*. The prices are expressed as a dollar amount per thousand (M) board feet or other unit of measure. Species codes and units of measure are shown in the tables for preparation of the Timber Tax Harvest Report. Adjustments to value may be available, if the requirements in the "VALUE ADJUSTMENTS" instructions are met.

VALUE ADJUSTMENTS – Low volume harvests may qualify for a reduction of harvest value from that shown in the Value Schedule. Volume criteria and adjustment amounts are shown at the bottom of Tables S and G. **There are no value adjustments for Table 1, Miscellaneous Harvest Values.** The small total volume adjustment is available to all qualifying timber harvest operations. The low average volume per acre adjustment is only available to green timber found in Table G; both adjustments may be used if the operation meets the applicable criteria. To determine the average net volume per acre, divide the total net volume harvested during the reporting quarter by the actual acres harvested during the quarter.

Example: A 50-acre THP has 104 MBF harvested from 35 acres during the quarter being reported. Thus: 104 MBF ÷ 35 acres = 2.97 MBF/acre. Since this is less than 5 MBF/acre, this operation qualifies for the Low Volume Per Acre Deduction for this particular quarter, and $30/MBF is subtracted from the appropriate value in the table. In addition, since this operation harvested more than 100 MBF, but less than 300 MBF for the quarter being reported, an additional $50/MBF is also deducted from the table value for the Small Total Volume Deduction.

EXEMPT TIMBER – Timber removed from a timber harvest operation whose immediate harvest value does not exceed $3,000 in a quarter *(as determined from the Harvest Value schedule)* is exempt from timber yield tax. If line 21 of a harvest report is not greater than $3,000 for an operation, do not carry the value forward to the tax return; instead *write "EXEMPT" in large letters across the face of the harvest report*. If all of your operations harvested for the quarter qualify for this exemption, enter zero in column 4 on line 10 of the tax return, sign, and file the return along with the harvest reports, according to instructions. If you have both exempt and taxable operations, transfer only the value information from the taxable operations to the tax return and follow the instructions for completing and filing a return.

If you are a tax-exempt organization that does not pay property taxes on the land where the trees were growing, you are exempt from paying timber yield tax. **HOWEVER, THE FIRST PERSON OR AGENCY NOT EXEMPT FROM PROPERTY TAX TO ACQUIRE LEGAL OR BENEFICIAL RIGHTS TO THE TIMBER, FELLED FROM LANDS EXEMPT FROM PROPERTY TAXES, IS THE TIMBER OWNER AND IS LEGALLY LIABLE FOR THE TAX.** Examples of tax-exempt organizations might include church or religious organizations, Girl Scout or Boy Scout Camps, U.S. Forest Service or BLM timber sales, State college or university, or timber from other government-owned lands (for example, federal, state, county or city). Individuals, business entities, logging companies, or sawmills that directly purchase timber from these types of organizations may be legally liable for the yield tax. A Licensed Timber Operator (LTO) that does not buy the trees, but rather is paid solely for providing the service of cutting down, removing, and delivering timber originating from a tax-exempt organization to a sawmill, would not be the timber owner in this case (for example, not liable to pay the tax). In this example, the tax liability likely would become the responsibility of the sawmill. For more information on this subject, call the Timber Tax Section at 916-274-3330 or fax 916-285-0134.

NOTE: A CDF "Exemption Notice" (or permit) means that you are exempt from the *Timber Harvest Plan* preparation process. It does not mean you are exempt from the Timber Yield Tax. You must go through the process of completing the harvest report to determine if the taxable value of the timber harvested in the quarter, as determined from the Harvest Value Schedule, does not exceed $3,000.

FOR MORE INFORMATION

If you need general information about the timber yield tax, or help completing your timber tax forms, you may call the Board of Equalization's Information Center's 800 number. Customer service representatives are available to help you Monday through Friday (except State holidays), from 8:00 a.m. to 5:00 p.m. (Pacific time). **Call 800-400-7115 or,** visit our website at www.boe.ca.gov/proptaxes/timbertax.htm.

TTY:711

For specific information about your account or tax reporting requirements, you may write to:

State Board of Equalization
Timber Tax Section, MIC:60
PO Box 942879
Sacramento, CA 94279-0060

PRIVACY NOTICE - INFORMATION FURNISHED THE BOARD OF EQUALIZATION IS HELD CONFIDENTIAL

The Information Practices Act of 1977 requires this agency to provide the following notice to individual taxpayers who are asked by the State Board of Equalization to supply information:

The principal purpose for which the requested information will be used is to administer the California Timber Yield Tax Law. This includes the determination and collection of the correct amount of tax.

An individual taxpayer has the right of access to personal information about himself or herself in records maintained by the State Board of Equalization. The Board official responsible for maintaining Timber Tax Information is the County-Assessed Properties Division Chief, Property and Special Taxes Department, 450 N Street, Sacramento, CA 95814, Telephone 916-274-3330.

The California Revenue and Taxation Code, Part 18.5 (Timber Yield Tax), requires individuals and other persons meeting certain requirements to file applications for registration and tax returns in such form as prescribed by the State Board of Equalization.

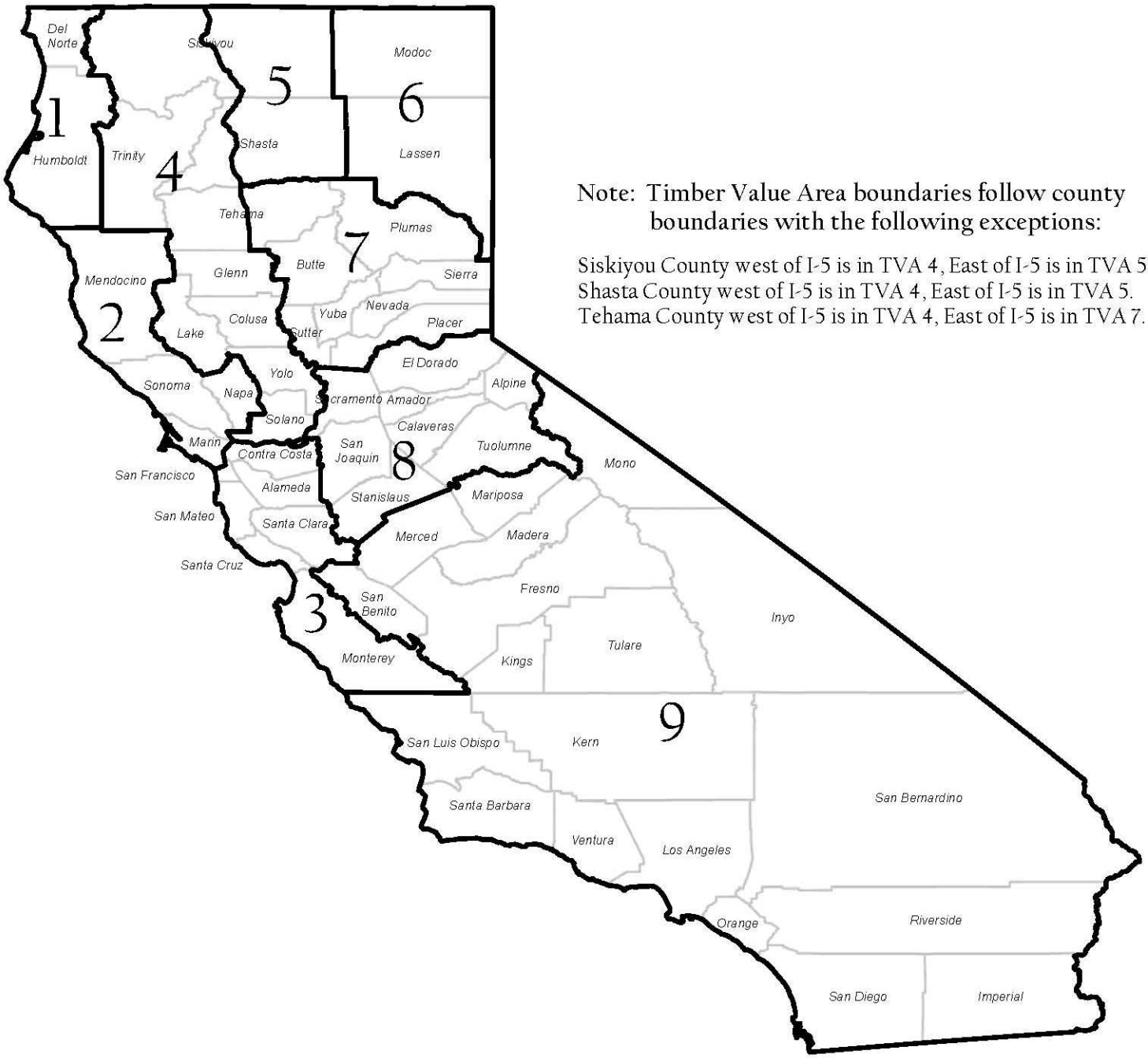
It is mandatory that such individuals and other persons furnish all the required information requested by applications for registration, tax returns and other related data, except that the furnishing of social security numbers by individual applicants for Timber Yield Tax Accounts is voluntary. In addition, the law provides penalties for failure to file a return, for failure to furnish specific information required, for failure to supply information required by law or regulations, and for furnishing fraudulent information.

Information individuals and other taxpayers furnish to the State Board of Equalization may be given to federal, state and local government agencies as authorized by law.

California State Board of Equalization

Timber Value Areas

Produced by: Tax Area Services - Geographic Information Center



Note: Timber Value Area boundaries follow county boundaries with the following exceptions:

Siskiyou County west of I-5 is in TVA 4, East of I-5 is in TVA 5.
Shasta County west of I-5 is in TVA 4, East of I-5 is in TVA 5.
Tehama County west of I-5 is in TVA 4, East of I-5 is in TVA 7.

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HARVEST VALUES SCHEDULE, EFFECTIVE JULY 1, 2016 THROUGH DECEMBER 31, 2016

Adopted by the California State Board of Equalization June 14, 2016

TABLE 1 - MISCELLANEOUS HARVEST VALUES - This table is applicable to all timber value areas and shows the harvest values for special items such as Christmas trees, fuelwood, shavings, chipwood, poles & pilings, posts, split products, small sawlogs, cull logs, topwood and miscellaneous conifers. Small sawlogs (SSM) are conifer logs of any species, except coastal redwood, split products, and poles & pilings, where the average net volume per 16-ft log for all sawlogs removed from a timber harvest operation during the reporting quarter is less than 65 board feet, Scribner Short Log Scale. Cull logs are to be reported in adjusted gross M board feet. For cull logs measured in tons, use a conversion factor of 4 tons per adjusted gross MBF, Scribner scale. For a listing of species included in the miscellaneous conifer category, see the SPECIES instructions on page 1. Except for split products, small sawlogs, poles & pilings and miscellaneous conifers, the items in this table are to be reported in column 17 (other unit measure) on the Timber Tax Harvest Report.

MISCELLANEOUS HARVEST VALUES

SPECIES OR PRODUCT	SPECIES CODE	UNIT	HARVEST VALUE PER UNIT
Christmas trees, Natural Misc.	XNM	Linear Feet	0.60
Christmas trees, Natural Red Fir	XNR	Linear Feet	1.40
Christmas trees, Natural White Fir	XNW	Linear Feet	0.60
Christmas trees, Plantation	XP	Linear Feet	1.50
Cull logs	CUL	Adj. Gross M board feet	5.00
Fuelwood, hardwood	FWH	Cords	20.00
Fuelwood, miscellaneous	FWM	Cords	10.00
Shavings, chipwood, hardwood logs	HW	Green Tons	1.00
Topwood, woods produced fuel chips	CS	Bone Dry Tons	0.00
Poles & pilings, small DF (20’-50’)	PSD	Net M board feet	270.00
Poles & pilings, large DF (51’ - up)	PLD	Net M board feet	290.00
Poles & pilings, PP, TF (all sizes)	PFP	Net M board feet	190.00
Posts, round	PST	8 Linear feet	0.20
Split products, redwood	TR	Net M board feet	75.00
Split products, miscellaneous	TM	Net M board feet	10.00
Small sawlogs, miscellaneous 1/	SSM	Net M board feet	120.00
Miscellaneous conifer species	CM	Net M board feet	80.00

NO ADJUSTMENTS OR DEDUCTIONS FOR THIS TABLE

1/ Do not include coastal redwood volume in the Small Sawlog Miscellaneous category.

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TABLE G – GREEN TIMBER HARVEST VALUES - This table shows the harvest values for timber by species, size and timber value area. The taxpayer makes the adjustments for the logging system, for small total volume on the harvest operation and low volume per acre on the harvest operation.

GREEN TIMBER

Tractor Logging (Logging Code T)

SPECIES	SPECIES CODE	VOLUME PER LOG	TIMBER VALUE AREA									
			SIZE CODE	1	2	3	4	5	6	7	8	9
Ponderosa Pine	PPG	Over 300	1	200	170	80	200	270	280	270	180	190
		150-300	2	150	160	60	150	240	260	220	140	150
		Under 150	3	100	100	30	110	210	240	190	130	70
Hem/fir	FG	N/A	N/A	130	70	N/A	160	240	210	200	140	120
Douglas-fir	DFG	Over 300	1	300	240	90	340	380	330	360	300	N/A
		150-300	2	270	200	70	320	360	310	330	250	N/A
		Under 150	3	220	160	60	300	340	290	300	240	N/A
Incense Cedar	ICG	N/A	N/A	70	100	N/A	180	290	280	270	260	210
Redwood	RG	Over 300	1	710	750	590	N/A	N/A	N/A	N/A	N/A	N/A
		150-300	2	600	620	580	N/A	N/A	N/A	N/A	N/A	N/A
		Under 150	3	560	530	530	N/A	N/A	N/A	N/A	N/A	N/A
Port-Orford Cedar	PCG	Over 125	1	300	N/A	N/A	300	N/A	N/A	N/A	N/A	N/A
		125 & Under	2	200	N/A	N/A	200	N/A	N/A	N/A	N/A	N/A

ADJUSTMENTS

Logging System:
Deduct $ 60 for volumes which were yarder/skyline logged (Logging Code S)
Deduct $ 200 for volumes which were helicopter logged (Logging Code H)

Small Total Volume:
Deduct $50 if total volume harvested this quarter is less than 300 MBF
Deduct $100 if total volume harvested this quarter is less than 100 MBF
Deduct $150 if total volume harvested this quarter is less than 25 MBF

Low Volume Per Acre:
Deduct $30 if the average volume harvested this quarter is under 5 MBF per acre

$ 1 PER MBF IS THE MINIMUM HARVEST VALUE ALLOWABLE AFTER ADJUSTMENTS

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TABLE S - SALVAGE HARVEST VALUES - This table shows the harvest values for timber by species, size and timber value area. The taxpayer makes the adjustments for the logging system and for small total volume on the harvest operation.

SALVAGE TIMBER

Tractor Logging (Logging Code T)

SPECIES	SPECIES CODE	VOLUME PER LOG	SIZE CODE	TIMBER VALUE AREA 1	2	3	4	5	6	7	8	9
Ponderosa Pine	PPS	Over 300	1	150	130	60	150	200	170	70	80	60
		150-300	2	110	120	40	110	180	150	60	60	40
		Under 150	3	80	80	20	80	160	130	50	40	20
Hem/fir	FS	N/A	N/A	100	50	N/A	120	180	120	70	70	60
Douglas-fir	DFS	Over 300	1	220	180	70	260	280	200	140	110	NA
		150-300	2	200	150	50	240	270	180	130	100	NA
		Under 150	3	160	120	40	220	260	160	120	90	NA
Incense Cedar	ICS	N/A	N/A	50	80	N/A	140	190	180	80	120	80
Redwood	RS	Over 300	1	530	560	440	N/A	N/A	N/A	N/A	N/A	N/A
		150-300	2	450	460	430	N/A	N/A	N/A	N/A	N/A	N/A
		Under 150	3	420	400	400	N/A	N/A	N/A	N/A	N/A	N/A
Port-Orford Cedar	PCS	Over 125	1	220	N/A	N/A	220	N/A	N/A	N/A	N/A	N/A
		125 & Under	2	150	N/A	N/A	150	N/A	N/A	N/A	N/A	N/A

ADJUSTMENTS

Logging System:

Deduct $ 60 for volumes which were yarder/skyline logged (Logging Code S)

Deduct $ 200 for volumes which were helicopter logged (Logging Code H)

Small Total Volume:

Deduct $50 if total volume harvested this quarter is less than 300 MBF

Deduct $100 if total volume harvested this quarter is less than 100 MBF

Deduct $150 if total volume harvested this quarter is less than 25 MBF

$ 1 PER MBF IS THE MINIMUM HARVEST VALUE ALLOWABLE AFTER ADJUSTMENTS