

Memorandum

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

Date: October 11, 2013

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

Subject: **2014 Timberland Production Zone Values
 Administrative Consent Agenda – November 2013**

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 2014 lien date, land zoned for timberland production shall be valued per acre according to the following schedule. These 2014 values will be mailed to the county assessors after certification by the Board.

Redwood Region		Whitewood Region		Pine-Mixed Conifer Region	
Site I	\$196	Site I	\$138	Site I	\$108
Site II	159	Site II	102	Site II	77
Site III	138	Site III	87	Site III	58
Site IV	121	Site IV	64	Site IV	42
Site V	39	Site V	33	Site V	22

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 2014 values have all decreased by \$1 to \$9 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.

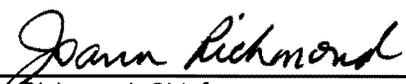
This item is scheduled for Board consideration on November 19, 2013, Property Taxes Administrative Consent Calendar.

DJG:mlt
Attachment

Approved: 
 Cynthia Bridges, Executive Director

BOARD APPROVED

at the 11/20/13 Board Meeting


 Joann Richmond, Chief
 Board Proceedings Division

**STATE BOARD OF EQUALIZATION
CALCULATION OF TIMBERLAND PRODUCTION ZONE VALUES
FOR LIEN DATE 2014**

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>
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
2011-2012	1,417,764	\$ 302,836,426	\$213.60
2012-2013	1,463,759	\$ 272,437,873	\$186.12

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>
2007-2008	\$ 276.26
2008-2009	\$ 191.06
2009-2010	\$ 111.31
2010-2011	\$ 191.24
2011-2012	\$ 213.60
	\$ 983.47 / 5 = \$196.69
2008-2009	\$ 191.06
2009-2010	\$ 111.31
2010-2011	\$ 191.24
2011-2012	\$ 213.60
2012-2013	\$ 186.12
	\$893.33 / 5 = \$178.67

$$((\$178.67 - \$196.69) / \$196.69) \times 100 = -9.2\%$$

One-Half Change Applied to Land Value: $-9.2\% / 2 = -4.6\%$ 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 2014**

	<u>Lien Date 2013 Timberland Value</u>	<u>(-4.6%) Change</u>	<u>Lien Date 2014 Timberland Value</u>
<u>REDWOOD REGION</u>			
Site I	\$205	\$(-) 9	\$196
Site II	\$167	\$(-) 8	\$159
Site III	\$145	\$(-) 7	\$138
Site IV	\$127	\$(-) 6	\$121
Site V	\$ 41	\$(-) 2	\$ 39
<u>WHITEWOOD SUBZONE OF THE REDWOOD REGION</u>			
Site I	\$145	\$(-) 7	\$138
Site II	\$107	\$(-) 5	\$102
Site III	\$ 91	\$(-) 4	\$ 87
Site IV	\$ 67	\$(-) 3	\$ 64
Site V	\$ 35	\$(-) 2	\$ 33
<u>PINE-MIXED CONIFER REGION</u>			
Site I	\$113	\$(-) 5	\$108
Site II	\$ 81	\$(-) 4	\$ 77
Site III	\$ 61	\$(-) 3	\$ 58
Site IV	\$ 44	\$(-) 2	\$ 42
Site V	\$ 23	\$(-) 1	\$ 22

VALUE OF TIMBERLAND

(Section 434.5, Revenue and Taxation Code)

On the 2014 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	\$196	SITE I	\$138	SITE I	\$108
SITE II	\$159	SITE II	\$102	SITE II	\$ 77
SITE III	\$138	SITE III	\$ 87	SITE III	\$ 58
SITE IV	\$121	SITE IV	\$ 64	SITE IV	\$ 42
SITE V	\$ 39	SITE V	\$ 33	SITE V	\$ 22

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.