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No. 79/24

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TO COUNTY ASSESSORS:

THE VALUATION OF
TIMBERLAND PRESERVE ZONE PROPERTIES

Here is another in the series of letters concerning the implementation of Article XIII A of the Constitution. The enclosed questions and answers illustrate the proper valuation procedures to be followed when valuing timberland preserve zone properties.

Please refer any inquiries or additional questions to Mr. Frank Wilson of our Assessment Standards Division, (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:sk
Enclosure

A. QUESTIONS & ANSWERS PERTAINING TO
TIMBERLAND PRESERVE ZONE PROPERTIES

1. QUESTION: When valuing TPZ properties, if the assessor finds that the biological site class designation for the base year is incorrect, should the appraisal be updated, thereby generating a change in the base year land value?

ANSWER: Yes. When additional and improved site class information becomes available, or where errors are identified in the original site classification, the assessor should reestablish the biological site class designation on TPZ properties. The base year for a property will not be affected by the change, but the new land value shall be according to the mandated 1977 base year schedule.

EXAMPLE: A TPZ parcel of 640 acres is rated at Site Class III (Redwood tables) for the 1978 lien date. Prior to the 1979 lien date, the site class is found to be II. Thus, while the 1978 taxable value had been calculated using the Site Class III value:

$$640 \text{ acres @ } \$50/\text{acre} \times 1.02 \text{ (inflation rate - 1978)} = \\ \$32,640$$

The 1979 taxable value is to be calculated using the Site Class II value:

$$640 \text{ acres @ } \underline{\$60/\text{acre}} \times 1.02 \text{ (inflation rate - 1978)} = \\ \$39,168 \times 1.02 \text{ (inflation rate - 1979)} = \$39,951$$

This represents a 22 percent increase in the taxable value from the 1978 lien date to the 1979 lien date.

2. QUESTION: With respect to list "B" and landowner-petitioned (commonly called list "C") timberlands which have been zoned as TPZ, should the mandated 1977 base year schedule be adjusted by the inflation rate only after restricted zoning has been imposed?

ANSWER: No. The 1977 base year schedule must be adjusted by the inflation rate for each year subsequent to 1977, regardless of the year zoning has been imposed. Note that for any parcels that undergo ownership change or are purchased after March 1, 1979, the appropriate revised TPZ land schedule will be used as a value base. The first revised schedule will be adopted on or before January 1, 1980 for the March 1, 1980 lien date, and other revised schedules will be adopted each third year thereafter.

3. QUESTION: If the assessor did not make inflation rate adjustments to the 1977 TPZ land value bases for the 1978 roll, should the 1977 values be factored by 1.0404 for determining the taxable values on the 1979 lien date?

ANSWER: No. Where the assessor failed to trend the base year TPZ values for the 1978 lien date, roll corrections must be made to the 1978 roll to account for the 2 percent inflation rate for 1978, and the resulting 1978 values should then be factored by 1.02 for determining the taxable values on the 1979 lien date.