



STATE BOARD OF EQUALIZATION

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Fourth District Los Angeles

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Executive Director

OCTOBER 23, 1998

TO COUNTY ASSESSORS,
COUNTY COUNSELS, AND
OTHER INTERESTED PARTIES:

NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION

NO. 98/54

PROPERTY TAX RULE 1024
EXEMPT TIMBER

PUBLIC HEARING: WEDNESDAY, DECEMBER 9, 1998, AT 1 30 P.M.

NOTICE IS HEREBY GIVEN.

The State Board of Equalization, pursuant to the authority vested in the Board by Section 38701 of the Revenue and Taxation Code proposes to add Regulation 1024, Exempt Timber, in Title 18, Division 1 of the California Code of Regulations. A public hearing relevant to this action will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard on Wednesday, December 9, 1998. Any person interested may present statements or arguments orally at that time and place. Written statements or arguments will be considered by the Board if received by December 9, 1998.

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW

The State Board of Equalization proposes to add Property Tax Rule 1024 (18 California Code of Regulations, Section 1024), Exempt Timber, to interpret and implement legislative changes to the Timber Yield Tax Law. (Revenue and Taxation Code, Secs. 38101 et seq.)

Under the Timber Yield Tax Law, a tax is imposed upon timber owners with respect to the harvesting of timber of felled or downed timber at the rate of 2.9 percent.

Senate Bill 2237 (Stats. 1998, Ch. 591), effective January 1, 1999, added Section 38116 to the Revenue and Taxation Code. This section exempts from the timber yield tax, timber whose immediate harvest value is so low that, if not exempt, the tax on the timber would amount to less than the cost of administering and collecting the tax, as determined by the Board by rule. It also provides that the Board, after consultation with the Timber Advisory Committee, shall establish by rule the level at which the tax that would apply is less than the cost to administer and collect the tax, and that the Board shall have no authority to exempt timber with an estimated immediate harvest value of more than \$3,000. Proposed Rule 1024 establishes the level, per quarter, at which the tax that would apply is less than the cost to administer and collect the tax, at \$87: timber removed from a timber harvest operation

whose immediate harvest value does not exceed \$3,000 within a quarter (\$3,000 x the timber yield tax rate of 2.9 percent).

The express terms of the proposed action, written in plain English, are available from the agency contact person named in this notice.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that the proposed adoption of Rule 1024 does not impose a mandate on local agencies or school districts. Further, the Board has determined that the adoption will result in no additional direct or indirect cost or savings to any State agency, or to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code, and that there are no other nondiscretionary costs or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

EFFECT ON BUSINESS

Pursuant to Government Code Section 11346.53(c), the Board of Equalization finds that the adoption of Rule 1024 will have no significant adverse economic impact on business.

The adoption of the rule will not be detrimental to California businesses in competing with businesses in other states.

The adoption of the rule will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The adoption of the rule will assist small business because some small businesses which own timber may be eligible for and utilize the exemption.

ADVERSE ECONOMIC IMPACT ON PRIVATE PERSONS/BUSINESSES

No impact.

FEDERAL REGULATIONS

There are no comparable federal regulations.

PLAIN ENGLISH STATEMENT

Preparation of the amended rule included consideration of the plain English requirement and technical terms are defined in more simple language.

AUTHORITY

Revenue and Taxation Code, Section 38701

REFERENCE

Revenue and Taxation Code, Section 38116.

CONTACT

Questions regarding the content of the regulation should be directed to Ms. Mary Ann Alonzo, Tax Counsel, at P.O. Box 942879, 450 N Street, MIC:82, Sacramento, CA 94279-0082 Telephone (916) 324-1392, FAX (916) 323-3387.

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, and at P.O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080

ALTERNATIVES CONSIDERED

The Board must determine that no alternative considered would be more effective in carrying out the purpose for which this action is proposed or be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Board has prepared a statement of reasons and a strike-out and underscore version (express terms) of the proposed regulation.

Both of the documents and all information pertaining to the proposed regulation are available to the public upon request. The rulemaking file is available for public inspection at 450 N Street, Sacramento, California. Requests for copies should be addressed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, at P.O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080.

ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may adopt the regulation if the text remains substantially the same as described in the text originally made available to the public. The text of any modified regulation will be mailed to those interested parties who commented orally or in writing or who asked to be informed of such changes. The modified regulation will be available to the public from Ms. Stumpf. The Board will consider written comments on the modified regulation until such time as the regulation is adopted.

Date: October 6, 1998

STATE BOARD OF EQUALIZATION



Janice Masterton, Chief
Board Proceedings Division

Rule 1024. Exempt Timber

a) GENERAL. There is exempt from timber yield tax timber whose immediate harvest value is so low that, if not exempt, the tax on the timber would amount to less than the cost of administering and collecting the tax.

b) EXEMPT HARVEST. Timber, removed from a timber harvest operation whose immediate harvest value does not exceed \$3,000 within a quarter, is exempt from timber yield tax pursuant to the authority granted by section 38116 of the Revenue and Taxation Code. For the purpose of this rule, immediate harvest value shall be that value described in sections 38109 and 38204 of the Revenue and Taxation Code, and in Rule 1023. The Board harvest value schedule applicable to the tax reporting period at the time of harvest shall define the timber harvest operation, and shall be the basis for determining the immediate harvest value thereof.

c) Nothing in this rule shall authorize the exemption of timber whose immediate harvest value exceeds \$3,000.

Authority: Government Code Section 15606, subdivision (c).

Reference: Section 38116, Revenue and Taxation Code