

**Approved Minutes  
Timber Advisory Committee  
November 1, 2011 Meeting**

The meeting was called to order by David J. Gau, Chairman, at 9:30 a.m., Room 1013, State Board of Equalization (BOE), 160 Promenade Circle, Sacramento, California, with the following in attendance. A quorum was present

**TIMBER ADVISORY  
COMMITTEE (TAC) MEMBER**

**REPRESENTING**

David J. Gau, Chairman  
Mike Mallory  
Leslie Morgan  
Charles Leonhardt  
George Belden  
Marty Olhiser

BOE  
Assessor, Siskiyou County  
Assessor, Shasta County  
Assessor, Plumas County  
Small-Scale Timber Owners  
Large-Scale Timber Owners

**OTHERS IN ATTENDANCE**

**REPRESENTING**

Ken Thompson  
David Yeung  
George Felix  
Peter Murphy  
Mike Doyich  
Art Tenneson  
Angela Wong  
Ben Tang  
Christine Bisauta  
Neha Duggal  
Tim Treichel

BOE, State-Assessed Properties Division  
BOE, SAPD, Timber Tax Section  
BOE, County-Assessed Properties Division  
BOE, Legal  
BOE, Legal  
BOE, Vice Chair Steel

1. BOE Executive Director Kristine Cazadd administered the oath of office to Plumas County Assessor Charles Leonhardt, who was not present at the April 28, 2011 meeting.
2. Approval of the April 28th, 2011 Meeting Minutes.

Marty Olhiser made a motion to approve the minutes from April 28, 2011. Leslie Morgan seconded the motion, which passed without objection.

3. David Gau informed the committee that due to some internal restructuring at the Board, the Timber Tax Section has been moved from the County-Assessed Property Department to the State-Assessed Property Department. David Yeung is the Principal and Ken Thompson is the Chief of SAPD. He also announced that George Felix was retiring from Timber Tax at the end of the year and he thanked him for his many years of service.
4. Harvest Value Discussion for Period of January 1, 2012 - June 30, 2012.

- a. George Felix explained that values are generally flat compared to the second half of 2011, with the exception that this year's strong export market has increased values on Douglas-fir and whitewoods, while redwood values are down by \$60 to \$100 per MBF.
- b. Table G & S, Green and Salvage Values Schedules

George Felix discussed Tables G & S, and he gave a range of values in TVA's 1 & 2 as examples of the appraisal process.

- c. George Belden questioned whether or not logging costs from large industrial timber companies were considered in BOE appraisals. His concern was atypically low logging costs from companies that do a lot of clearcutting might be reflected in artificially high immediate harvest values for the small timberland owner. George Felix and Peter Murphy explained to the committee that sale and cost information from large industrial timber owners is not used in Timber Tax appraisals because they are not considered to be open market arms-length transactions. This explanation seemed to satisfy Mr. Belden's concern.
- d. Marty Olhiser questioned if the rise in Doug-fir values in TVA's 1, 2, & 3 was being driven by the export market. George Felix acknowledged that it was and George Belden added that it was an outlet for landowners to market low value whitewoods that is not currently available in the domestic market. A discussion continued on the export market to China.
- e. George Belden made a motion to approve Tables G & S. Charles Leonhardt seconded the motion, which passed without objection.
- f. Table 1, Miscellaneous Forest Products Harvest Values

George Felix noted that there are not many changes to Table 1 values. SSM is down and CM is up. The rise in miscellaneous conifer species is, in part, attributable to lodgepole pine log sales used for log homes. It was also pointed out that as of January 1, 2011 the unit measure of poles went from linear feet to net MBF. This means that in the past, the reported harvest values from poles were not included in the calculation of TPZ values, whereas now they are. Only a small number of pole sales from 1Q & 2Q 2011 were used in the TPZ computations, so the effect will be insignificant on TPZ values for this cycle.

- g. Mike Mallory made a motion to approve Table 1. Marty Olhiser seconded the motion, passed without objection.

## 5. Other Business

- a. Peter Murphy addressed the issue regarding the low total volume adjustment that was requested at the April 28<sup>th</sup> meeting. George Belden suggested that the adjustment should be extended from 300 MBF to 400 MBF. Peter Murphy said he did a lengthy analysis based on the last two years of sales. With the depressed economy and low number of timber sales in our data base, there just isn't strong enough evidence to suggest any changes to the current adjustments. In 2006, when the adjustments were last reviewed, there was 10 times the number of sales included in the analysis

George Belden stated that he does have a bona fide concern, but agreed that the analysis that was presented to him was inconclusive. He said the issue was addressed well by Timber Tax Staff and he expressed his gratitude. Peter Murphy said he would continue to monitor the situation and would advise the committee if and when a change is warranted.

## 6. New Business

- a. New TAC Meeting

The date for the next TAC meeting was tentatively set for 9:30 am on April 24, 2012.

## 7. Adjournment

David J. Gau adjourned the meeting at 10:15 a.m.