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JUL 1 3 11 PM '98

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

Effective Date

August 5, 1998

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #7

NOTICE OF AN EMERGENCY RULE

AGENCY: State Tax Commission TITLE NUMBER: 110

CITE AUTHORITY: W. Va. Code § 11-1C-11b(c).

EMERGENCY AMENDMENT TO AN EXISTING RULE: YES ☐ xxx NO ☐ (Repeal Replacement)

IF YES, SERIES NUMBER OF RULE BEING AMENDED: ____________

TITLE OF RULE BEING AMENDED: Valuation of Timberland and Managed Timberland

IF NO, SERIES NUMBER OF RULE BEING FILED AS AN EMERGENCY: ____________

TITLE OF RULE BEING FILED AS AN EMERGENCY: ____________

THE ABOVE RULE IS BEING FILED AS AN EMERGENCY RULE TO BECOME EFFECTIVE AFTER APPROVAL BY SECRETARY OF STATE OR 42ND DAY AFTER FILING, WHICHEVER OCCURS FIRST.

THE FACTS AND CIRCUMSTANCES CONSTITUTING THE EMERGENCY ARE AS FOLLOWS:

Use additional sheets if necessary

Robin C. Capehart
Signature
Robin C. Capehart
Secretary
Dept. of Tax & Revenue

$5.80

STATEMENT OF EMERGENCY
VALUATION OF TIMBERLAND AND MANAGED TIMBERLAND
110 C.S.R. 1H

Senate Bill 151, effective from passage on March 3, 1998, enacted West Virginia Code § 11-1C-11b(c) to authorize the State Tax Commissioner to promulgate an emergency rule establishing the methodologies to be utilized when determining the appraised value of managed timberland. Section 11-1C-11b(h) requires Section 11-1C-11b, and therefore the methodologies required by that section, to apply to tax years beginning after January 1, 1999. As a result of those requirements, it is necessary for this rule to become effective on an emergency basis.

SUMMARY OF EMERGENCY RULE

110 C.S.R. 1H

Valuation of Timberland and Managed Timberland

This rule establishes the methodology for determining the appraised value managed timberland as required by West Virginia Code § 11-1C-11b.

STATEMENT OF CIRCUMSTANCES

110 C.S.R. 1H

Valuation of Timberland and Managed Timberland

West Virginia Code § 11-1C-11b, as enacted in senate Bill 151, passed on March 3, 1998 and in effect from date of passage, requires the Tax Commissioner to establish by legislative rule two methodologies for determining the appraised value of managed timberland as well as the methodology to determine the appraised value of timberland. This rule accomplishes that requirement. The methodologies are required to be utilized for tax years commencing on and after January 1, 1999; that requirement can only be satisfied by filing the emergency rule. See also Statement of Emergency filed with this rule.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Valuation of Timberland & Managed Timberland

Type of Rule: X Legislative ___Interpretive ____Procedural

Agency: State Tax Commission
Address: P.O. Box 1005
Charleston, WV 25324-1005

1. Effect of Proposed Rule

	ANNUAL		FISCAL YEAR		
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	$	$	$5,000.00	$	$
PERSONAL SERVICES	0	0	1,000.00	0	0
CURRENT EXPENSE	0	0	4,000.00	0	0
REPAIRS & ALTERNATIONS	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
OTHER	0	0	0	0	0

2. Explanation of above estimates:

The estimated cost is for overtime for permanent personnel and temporary personnel for mapping/keying.

3. Objectives of these rules:

To explain the methodology to be utilized in appraising and taxing managed timberland and managed timberland properties.

Rule Title: Valuation of Timberland & Managed Timberland

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

Minimal

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of Citizens.

Reduce property taxes for owners who manage timberland property. Will cause a 60% + reduction in taxation of such properties ($3.12 million). May increase property taxes for owners who do not manage timberland.

C. Economic Impact on Citizens/Public at Large.

Better management of forest property may increase prospects of forest industry products in this State.

Date: July 1, 1998

Signature of Agency Head or Authorized Representative

Richard E. Boyle, Jr.
State Tax Commissioner

DATE: June 30, 1998

TO: **LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

FROM: State Tax Commissioner

EMERGENCY RULE TITLE: Valuation of Timberland & Managed Timberland

1. **Date of Filing** July 1, 1998

2. **Statutory authority for promulgating emergency rule:**

   W.Va. Code § 11-1C-11b(c)

3. **Date of filing of proposed legislative rule:** June 2, 1998

4. **Does the emergency rule adopt new language or does it amend or appeal a current legislative rule?**

   Adopts new language

5. **Has the same or similar emergency rule previously been filed and expired?**

   no

6. **State, with particularity, those facts and circumstances which make the emergency rule necessary for the <u>immediate</u> preservation of public peace, health, safety or welfare.**

   Senate Bill 151 enacted W.Va. Code § 11-1C-11b(c) to authorize the promulgation of an emergency rule to establish methodologies to be utilized when appraising managed timberland. Because the methodologies are required for tax years commencing on or after January 1, 1999, it is necessary for the rule to become effective on an emergency basis.

7. If the emergency rule was promulgated in order to comply with a time limit established by the Code or federal statute or regulation, cite the Code provision, federal statute or regulation and time limit established therein.

See question 6

8. State, with particularity, those facts and circumstances which make the emergency rule necessary to prevent substantial harm to the public interest.

n/a

FILED

JUL 1 3 11 PM '98

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

TITLE 110
EMERGENCY
WEST VIRGINIA LEGISLATIVE RULE
STATE TAX COMMISSION

SERIES 1H
VALUATION OF TIMBERLAND AND MANAGED TIMBERLAND

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§ 110-1H-1. General.

1.1 **Scope**. -- This legislative rule establishes the procedure for the classification and valuation of timberland and managed timberland.

1.2 **Authority**. -- W. Va. Code §§ 11-1C-5(a)(2)(B), 11-1C-11(c)(1) and 11–1C–11b(c).

1.3 **Filing Date**. --

1.4 **Effective Date**. -- This emergency rule is effective July 1, 1998.

1.5 **Repeal of former rule**. -- This legislative rule repeals and replaces WV 110 C.S.R.1H "Valuation of Timberland and Managed Timberland" filed April 15, 1992 and effective April 15, 1992.

§ 110-1H-2. Introduction.

2.1 The appraised value of managed timberland shall be determined on the basis of the potential of the land to produce future income according to its use and productive potential. Potential future net income is discounted to its present value utilizing a discounted cash flow; this shall be the appraised value. The ability of a stand of timber to produce wood products for sale or use depends primarily on the quality of the soil and certain topographic and climatic features which can be expressed as a site index. Site index is the principal criterion influencing the appraised value of managed timberland. These factors will be reviewed annually by the Tax Commissioner for necessary updating of the method described in order to properly reflect future changes in the values of managed timberland.

2.2 The appraised value of timberland (woodland/wasteland) shall be determined on the basis of market comparables derived through analysis of sales prices of comparable timberland (forested) properties. Timberland appraisal value shall always be more than the appraised value of equivalent grades of properties being classified as managed timberland in the county. The appraised value of timberland shall be determined by the county assessor based upon the Timberland Classification Schedule found in Appendix 1.

2.3 The county assessor shall collect and analyze market data, including sales of timberland, segregated into the classes contained in the previously referenced classification schedule. Based upon this market analysis, the county assessor shall select the value for each class of timberland that best reflects the market value of the property if exposed to the market for sale as timberland. The values by class thus selected shall be entered, by the assessor, into the respective county land pricing tables and shall be used by the assessor to estimate the appraised value of timberland for property tax purposes.

§ 110-1H-3. Definitions. -- As used in this rule and unless the context clearly requires a different meaning, the following terms shall have the meaning ascribed herein, and shall apply in the singular or in the plural.

3.1 "**Capitalization rate**" -- means the rate used to convert an estimate of income into an estimate of present value. Details of the procedure for determining the capitalization rate are found in Section 12 of this rule.

3.2 "**Certified managed timberland plan**" -- means the managed timberland plan that is certified by the landowner when the landowner certifies that the property is maintained as managed timberland.

3.3 "**Cost**" -- means a component of management costs and property taxes.

3.4 "**dbh**" -- means the diameter of trees at breast height, which is 4.5' above ground level.

3.5 "**Division of Forestry**" -- means the West Virginia Bureau of Commerce, Division of Forestry.

3.6 "**Farm wood lot**" -- means that portion of a farm in timber but may not include land used primarily for the growing of timber for commercial purposes except that Christmas trees, or nursery stock and woodland products, such as nuts or fruits harvested for human consumption, shall be considered farm products and not timber products.

3.7 "**Harvest income per acre**" -- means the expected after tax revenue and accrued interest for each harvesting interval. Interest is assumed to accrue at the rate of return from the period of harvest to the end of the 80 year rotation cycle.

3.8 "**MBF**" -- means thousand board feet.

3.9 "**Management cost**" -- means the cost determined tri-annually by the Tax Commissioner to be the average annual cost of maintaining and protecting a producing forest. Maintenance costs may include costs of inventory, boundary survey, security, maps, and any other items as can be shown to have been necessary. Protection may include costs of protection against forest fires; harmful insect and tree diseases; costs of repair and replacement resulting from damages reported to appropriate police agencies, including all-terrain vehicles (ATV's) and other vehicular damages, and costs of replacing and replanting forest production and/or plantations destroyed or injured by deer or other wild animals whose populations exceed the maximum carrying capacity of the site. Management costs will be determined as an average for the entire State or by regions, by Managed Timberlands Productivity Grades or by parcel acreage and will be deducted from gross annual income per acre to obtain net annual income per acre.

3.10 "**Managed Timberland**" -- means surface real property, except farm woodlots, of not less than ten contiguous acres which is devoted primarily to forest use and which, in consideration of their size, has sufficient numbers of commercially valuable species of trees to constitute at least forty percent normal stocking of forest trees which are well distributed over the growing site, and that is managed pursuant to a plan as shown in section 3.11 and appendix 2 of this rule.

3.11 "**Managed Timberland Plan**" -- means the planned timberland management program that conforms to the following standards established by the Division of Forestry:

3.11.1 Includes the owner's multipurpose objectives for the property;

3.11.2 Provides for the land:

3.11.2.a to remain in at least 40% or greater forest cover of well distributed commercially important trees,

3.11.2.b to produce continuous crops of timber according to the site's productivity , and,

3.11.2.c to be monitored for and action taken against threats from injurious agencies;

3.11.3 Ensures that harvesting will be done in a manner that assures regeneration of the landowner's preferred species; and

3.11.4 Assures sustainability of forest resources and compliance with the 1992 Logging Sediment control Act.

3.12 "**Owner of surface less timber**" -- means any person who owns an interest in the surface where the timber rights have been sold to someone else.

3.13 "**Owner of Timber**" -- means any person who owns an interest in timber, including a lessor or sublessor and an owner of a contract right to cut timber. Such owners of timber must have a right to cut timber for sale on his own account for use in his, hers, or its trade or business in order to have property rights that are subject to ad valorem property taxes.

3.14 "**Site Index**" -- means a method of measuring the productivity of a site to grow trees. It is the height that average dominant and co-dominant trees will attain at a given age. For ad valorem property tax purposes, it shall be the height of upland oaks at fifty (50) years of age.

3.15 "**Stumpage Price**" -- means the market value of standing trees (on the stump) prior to felling and removal, and is expressed in dollars per unit of volume (MBF or cords). For appraisal purposes, real stumpage price will be adjusted to real price increases over various harvest periods during the 80 year rotation cycle. The real price increase shall be determined from the projected saw timber and pulpwood prices described in the most recent United States Forest Service Bulletin R.P.A. Timber Assessment Update and shall be calculated by the Tax Commissioner from reports based upon 16 inch (dbh) logs as prepared by the Division of Forestry and other available sources. A five-year weighted moving average shall be computed in order to minimize the effects of short-term fluctuations. Stumpage prices shall be computed for each stumpage price region in order to reflect regional differences in markets, topography, and accessibility.

3.16 "**Stumpage Price Region**" -- means a geographical region of the State, usually consisting of several counties, in which conditions of the timber, timber markets, topography, and accessibility are sufficiently similar to result in similar stumpage prices at any given time. The counties involved in each stumpage price region have been identified by the Division of Forestry and are found in Appendix 3.

3.17 "**Timber**" -- means trees of any marketable species, whether planted or of natural growth, standing or down, located on public or privately owned land, which are suitable for commercial or industrial use.

3.18 "**Timberland (Woodland/Wasteland)**" -- means any surface real property, except farm woodlots of not less than ten contiguous acres, which is primarily in forest and which has, in consideration of their size, sufficient numbers of commercially-valuable species of trees to constitute at least forty percent (40%) normal stocking of forest trees, as shown Appendix 2, which are well distributed over the growing site.

Additionally, land that has been recently harvested of merchantable timber and is growing into or being planted as a new forest may be classified as timberland.

3.19 "**Managed Timberland Productivity Grades**" -- means timberland classified as Grade 1 (excellent to very good), Grade 2 (good to fair), or Grade 3 (poor), according to the table in Appendix 4.

3.20 "**Managed Timberland Productivity Maps**" means those maps prepared showing the productivity class of all timberland in this State. The primary source of information for preparation of these maps shall be the Soil Survey, published by United States Department of Agriculture (USDA) Soil Conservation Service.

3.20.1 In those counties where soil surveys are not yet prepared, the best available information shall be used.

3.20.2 For Pocahontas County, the article by G.R. Trimble, Jr., "An Equation for Predicting Oak Site Index Without Measuring Soil Depth", Journal of Forestry, 62:325-327, shall be used.

3.20.3 For Wetzel, Doddridge, Braxton, Clay and Gilmer Counties, the article by L.R. Auchmoody and H. Clay Smith, "Oak Soil-Site Relationships in Northern West Virginia", (USDA Forest Service Research Paper NE 434, 1979) shall be used.

3.20.4 For Wayne, Lincoln, Boone, Logan, Mingo and McDowell Counties, unpublished results of research at West Virginia University (1983) shall be used.

3.20.5 For Webster county, the rates of 48% for Grade 1, 34% for Grade 2 and 18% for Grade 3 will be used for all certified managed timberland parcels.

§ 110-1H-4. Classification of Timberland and Managed Timberland.

4.1 **Managed Timberland.** -- For property to qualify for managed timberland valuation, the owner of the surface real property identified on the county tax mapping system must enter into a contract with the Division of Forestry to use the real estate in a planned program of multiple purpose forest management, including erosion control during timbering operations, as specified in the West Virginia Forest Practices Standards and the West Virginia Silvicultural Nonpoint Source Management Program. (See Section 13 of this rule). Multipurpose forest management contemplates the periodic selection of timber on the property for harvesting as an integral part of silvicultural management practices. Such silvicultural manipulation subjects the property to periodic commercial use that may have an effect on the property's classification for property tax purposes. Therefore, in recognition of such silvicultural manipulation, the following guidelines will be observed when classifying managed timberland for property tax purposes.

4.1.1 Property containing managed timberland, which may have been properly taxed as Class II property prior to the managed timberland application, will remain as Class II property unless there is some other event or change in the use of the property that disqualifies it from being taxed as Class II property.

4.1.2 Property containing managed timberland, which may have been properly taxed as Class III or Class IV property prior to the managed timberland application, will be taxed as Class III or Class IV property depending upon location.

4.2 **Timberland.** -- Timberland shall be taxed as Class II, Class III, or Class IV property in accordance with provisions of West Virginia Code § 11-8-5. In order for timberland to be taxed as Class II property, the timberland must be used and occupied by the owner exclusively for residential purposes. (This section does not apply to farm woodlots - See 110 C.S.R. 1H, § 110-1H-5.)

4.3 **Surface less timber** -- Property where the owner of the surface does not include the timber rights shall not be eligible for managed timberland classification and will be valued by the assessor.

4.4 **Timber** -- Property where the owner of the timber rights does not include the surface, shall not be eligible for managed timberland classification and will be valued by the assessor.

§ 110-1H-5. Valuation of Farm Wood Lots. -- Farm wood lots and the parts of a farm which are in timber shall be included in the valuation of farm property under W. Va. Code § 11-1A-10, except when the timberland is a separate parcel or tract entered in the land books, and except when the primary use of the farmland is in commercial forestry or the growing of timber for commercial purposes or when the farm wood lot is involved in a managed timberland contract.

§ 110-1H-6. Timberland Improvements. -- Improvements such as roads and service buildings that are a required (usual) part of timber management operations shall not be subject to an additional market value appraisal over and above the appraisal of the managed timberland. Improvements that are not a necessary part of the timber management operations, such as dwellings, cottages, hunting camps, other recreational facilities, and associated real estate shall be subject to additional market value appraisals. Additionally, haul roads, strip and/or mountaintop removal mines, plant facilities, powerline and gas/oil pipeline rights-of-way, and gas/oil well pads shall not be valued as managed timberland.

§ 110-1H-7. Appraised Value of Timberland. -- The appraised value per acre of timberland shall be determined based upon market comparables and will be estimated by the county assessor. There are at least five (5) various timberland rates based on the timberland classification schedule described in Appendix 1 of this rule. Assessors shall tri-annually review and grade these non-managed timberland properties in order to assign the proper rate per acre to the property. The rate per acre shall be established by the assessor in conformity with requirements of Section 2.2 of this rule.

§ 110-1H-8. Valuation of Less Than 10 Acres. -- A parcel, or contiguous parcels, of timberland totaling less than ten (10) acres shall not be considered for classification as managed timberland and shall be valued by the county assessor based upon market comparables.

§ 110-1H-9. Harvest Volumes Per Acre. -- Harvest Volumes per acre shall be based on site index and the ability of the site to yield timber measured in thousands of board feet (MBF) per acre (Scribner rule) or cords per acre with harvest intervals at thirty-five (35), fifty-five (55) and eighty (80) years for Grade 1 and Grade 2 soils, and at forty-five (45) and eighty (80) years for Grade 3 soil.

§ 110-1H-10. Appraised Value per acre of Managed Timberland. -- The appraised value per acre of managed timberland shall be the present worth of $1.00 times the difference between the future value of the harvest income less the future value of the management cost less a property tax adjustment for Class II, and a blend of Class III and Class IV tax rates for Class III and Class IV properties. However, the appraised value for any grade of managed timberland will not be less than $25 per acre.

§ 110-1H-11. Procedure for Determining Value Per Acre of Managed Timberland. -- The following is a step-by-step procedure for determining the appraised value per acre of managed timberland.

11.1 Soil productivity grades are mapped onto USGS 7.5 minute topographic quadrangle sheets (1" = 2,000'). The West Virginia county surface ownership maps (commonly 1" = 400' or 1" = 800') are reduced to 1" = 2000'. The reduced scale surface maps are overlayed on the productivity grade maps and the grade boundaries are transferred, allowing the determination of the area at each grade for each ownership parcel.

11.2 Average stumpage price (5 year weighted moving average) is determined by stumpage price reports from the Division of Forestry and other available sources.

11.3 Total harvest income per acre over a rotation cycle of thirty-five (35) years, fifty-five (55) years and eighty (80) years for Grade 1 and 2 soils, and forty-five (45) years and eighty (80) years for Grade 3 soils shall be determined by the accumulated periodic harvest income plus accrued interest on the net income less state and federal tax payments.

11.4 End of rotation (80 year) total management costs per acre shall be determined by the accumulated after tax management cost and accrued interest on such costs.

11.5 Appraised value per acre for managed timberland shall be determined by first deducting the end of rotation total management costs; second, calculating the present worth of that difference; and third, adjusting that value by the annual ad valorem property tax rate (either Class II or a blended Class III/IV).

11.6 The appraised value of managed timberland property shall be calculated annually using a table of managed timberland grade values and applying the values for each grade multiplied by the acreage in each property which has been assigned to each grade through the maps and information detailed in Section 3.20 and 11.1 of this rule.

11.6.1 Those acreages involved in a managed timberland application where the use of the property is not for managed timberland purposes (e.g., homesite, pasture, tillable, recreation, stripmine, etc.) shall not be classified as managed timberland and will be appraised by the county assessor.

§ 110-1H-12. Capitalization Rate. -- The average statewide capitalization rate (based on a 5-year weighted moving average of various components) for managed timberland will be determined annually by the Tax Commissioner through the use of generally accepted methods of determining such rates. The rate will be based on the assumption of a discounted cash flow model based upon harvest intervals reflected in Appendix 4 of this rule. The capitalization rate used to value managed timberland will be developed considering the following:

12.1 **Discount Component.** -- The summation technique will be used in developing a discount component of the capitalization rate. The five subcomponents of the discount component are:

12.1.1 **Safe Rate.** -- The safe rate will reflect a rate of return that an investor could expect on an investment of minimal risk. This rate will be developed through weighted averages of interest rates offered on five-year United States Treasury Bills for the five years immediately preceding the appraisal date.

12.1.2 **Nonliquidity .** -- The nonliquidity rate will be developed through an annual review to determine a reasonable estimate of time that timberland, when exposed for sale, remains on the market before being sold. The time thus determined will be used to identify United States Treasury Bills with similar time differentials in excess of thirteen-week Treasury Bills. The interest differential between these securities will be used to represent the nonliquidity rate. For example, if it is determined that a tract of timberland remains on the market for an average of six months (26 weeks) before being sold, the nonliquidity rate will be derived by subtracting the rate on 13-week Treasury Bills from the rate on 26-week Treasury Bills. This review will consider the weighted average of these differences for a five year period immediately preceding the appraisal date.

12.1.3 **Risk Rate.** -- The relative degree of risk of an investment in timberland will be developed through an annual review of thirty-year United States Treasury Bills less five-year United States Treasury Bills. The review will consider the weighted averages of debt and equity components of these differences for a five-year period immediately preceding the appraisal date.

12.1.4 **Management Rate.** -- The management rate represents the cost of managing the investment, not the cost of managing the timberland. Historically, the management rate has been one-half of one percent (0.5%); therefore, this rate will be considered the industry standard for current applications.

12.1.5 **Inflation Rate (negative)**. -- Nominal interest rates, including the "safe rate" mentioned above, are higher than real rates by an amount representing expectation of future inflation. However, net annual income from timberland is to be estimated assuming level future prices (no inflation). Therefore, the capitalization rate must be a real rate, net of expectation of inflation. The inflation rate will be established through a weighted average analysis of the most recent five calendar year's urban consumer price index as determined by the United States Department of Labor, Bureau of Labor Statistics.

12.1.6 **Discount Component. --** In determining the discount component of the capitalization rate, the Tax Commissioner will take the sum of the safe rate, the nonliquidity rate, the risk rate, and the management rate, and will deduct from this sum the inflation rate.

12.2 **Property Tax Component.** -- The property tax component will be derived by multiplying the assessment rate by the statewide five year weighted average of tax rates on Class II and on a blended rate for Class III and Class IV properties. The discounted property tax rates will be deducted from the discounted difference between total harvest income and end of rotation management costs.

§ 110-1H-13. Application for Certification and Valuation as Managed Timberland. -- In order to qualify, under the provisions of this rule, for managed timberland valuation purposes, the owner(s) of the timberland shall, on or before the first day of July, enter into a contract with the Division of Forestry. The contract shall state that the real estate is being used in a planned program of timber management and erosion control practices intended to enhance the growth of commercially desirable species through generally accepted silvicultural practices and the use of Best Management Practices as specified in the West Virginia Forest Practice Standards and the West Virginia Nonpoint Source Management Program. The contract shall be assignable with the sale of the land when the land is sold to be used for managed timberland purposes. On or before September 1, the owner(s) will file an application for certification as managed timberland with the Division of Forestry. The application shall include either (a) a commitment to maintain and protect timberland certified as managed timberland by demonstrating land-use objectives to include resource management and soil and water protection; or (b) a written plan prepared by a professional forester. Falsification of certification or failure to follow a professionally prepared plan will result in loss of valuation as managed timberland. In any event, the following information shall be provided:

13.1 County, district, map, parcel number, deed book surface acreage and actual surveyed surface acreage, if available, for each parcel that is to be valued as managed timberland.

13.1.1 The amount of acreage in each parcel that should be classified as managed timberland. For those properties where managed timberland acreage is different than deed acreage, information identifying the use of the non-managed acreage is required.

13.1.2 Signature from timber management forester acknowledging that the property is being managed in accordance with the Best Management Practices for forestry as outlined in the West Virginia Forest Practice Standards and the Best Management Practices for water quality as outlined in the West Virginia Nonpoint Source Management Program.

13.1.3 Signature from all owners of any interest in the surface area that is valued as managed timberland.

13.2 The Division of Forestry shall, on or before October 1 of each year, provide the State Tax Commission with a copy of such certifications and reports and provide a list of those properties certified as managed timberland and those denied certification. After the October 1 report is filed, the Division of Forestry will have until January 15 of the next calendar year to review any applications questioned by the State Tax Commission or county officials.

13.3 The property owner whose managed timberland application was denied or who has been refused certification pending demonstration of specific facts may, on or before November 1 of the assessment year, file an appeal of the denial or file the requested data with the Director of the Division of Forestry. On or before the following December 1, the Division of Forestry will advise the Tax Commissioner of any changes of application denials.

§ 110-1H-14. Summary of Method of Determining Appraised Value. -- The formula to be used in determining the appraised value of property categorized as managed timberland is found in Appendix 5.

§ 110-1H-15. Severability.

15.1 If any provision of this rule or the application of this rule to any person or circumstances is for any reason held to be invalid, the remainder of the rule and the application of the provisions to other persons or circumstances shall not be affected by the holding.

APPENDIX 1

Timberland Classification Schedule

Class "A"

This land will be adaptable for use as forest property. It may be adaptable to other profitable uses. There will be a stand of trees of commercial species, the size being from fourteen (14) to twenty (20) inches d.b.h. and above.

Class "B"

This land will also be adaptable for use as forest property. It may be adaptable for other profitable uses. There will be a stand of trees of commercial species, the size being from ten (10) to fourteen (14) inches d.b.h.

Class "C"

This land will be adaptable for use as forest property. There will be a stand of trees of commercial species, the size being from six (6) to ten (10) inches d.b.h.

Class "D"

This land will be adaptable for use as forest property. There will be a stand of trees of commercial species, the size being from four (4) to six (6) inches d.b.h.

Class "E"

This land will be adaptable for use as forest property. There will be trees of commercial species less than four (4) inches d.b.h. This class of timberland shall also include clear cut property and property subjected to total harvest where the remaining commercial species are less than four (4) inches d.b.h.

APPENDIX 2

Minimum Number of Trees Required Per Acre to Determine 30 Square Feet of Tree Basel Area of 40% Stocking for Classification as Forest Land

D.B.H.	D.B.H. in 2@	Basel Area	Per Range	Per Class	Per Tree
up to 2.9@..........	Seedlings		400	80	40
3.0-4.9@...........	4	0.0873	400	80	40
5.0-6.9@...........	6	0.1964	153	31	15
7.0-8.9@...........	8	0.3491	86	17	9
9.0-10.9@..........	10	0.5454	55	11	6
11.0-12.9@.........	12	0.7854	38	8	4
13.0-14.9@.........	14	1.0690	28	6	3
15.5@+...............	16+	1.3983	21	4	2

NOTE:(a) Area 1/5 acre, circle, diameter 105=4@; square 93.4@ per side

(b) Area 1/10 acre; circle, diameter 74=6@; square 66=

(c) Number of seedlings present may qualify on a percentage basis; Example, 100 seedlings would be equivalent of 7.5 square feet of basal area (25% x 30 B 7.5)

(d) Seedlings per acre are based on total pine and hardwood stems. Where intensive pine management is practiced a minimum of 250 well distributed loblolly or white pine seedlings will qualify.

APPENDIX 3

Stumpage Price Regions

Region 1	Region 2	Region 3	Region 4	Region 5
Brooke	Braxton	Barbour	Berkeley	Boone
Cabell	Calhoun	Greenbrier	Grant	Fayette
Hancock	Clay	Monroe	Hampshire	Kanawha
Jackson	Doddridge	Nicholas	Hardy	Lincoln
Marshall	Gilmer	Pendleton	Jefferson	Logan
Mason	Harrison	Pocahontas	Mineral	McDowell
Ohio	Lewis	Preston	Morgan	Mercer
Pleasants	Marion	Randolph		Mingo
Putnam	Monongalia	Tucker		Raleigh
Tyler	Ritchie	Upshur		Summers
Wetzel	Roane	Webster		Wayne
Wood	Taylor			Wyoming
	Wirt			

APPENDIX 4

TABLE OF HARVEST VOLUMES PER ACRE WITH HARVEST INTERVALS OVER AN 80 YEAR ROTATION CYCLE

	35 Years	55 Years	80 Years	Total
Grade 1				
Site Index (75 or more)	4.6 Cords	2.6 Cords	3.3 Cords	10.5 Cords
(Very Good to Excellent)	1.5 MBFs	4.4 MBFs	8.6 MBFs	14.5 MBFs
Grade 2				
Site Index (70 (65-74)	3.3 Cords	7.0 Cords	4.6 Cords	14.9 Cords
(Fair to Good)	1.0 MBFs	3.2 MBFs	5.5 MBFs	9.7 MBFs

	45 Years	80 Years	Total
Grade 3			
Site Index (50) less than 65	3.1 Cords	15.4 Cords	18.5 Cords
	.8 MBF	3.7 MBF	4.5 MBF

Scribner rule. Schnur, G. Luther. UNITED STATES DEPARTMENT OF AGRICULTURE Tech. Bul. No. 560. 1937. The Tax Commissioner may adopt a different timber scale and revise yields as standards of timber utilization change or as new information becomes available on timber yields of forest stands.

APPENDIX 5

For Class II Parcels:

Appraised Value Per Acre = [[Present worth of 1] x [(Future value of Harvest Income) - (Future value of management costs)]] less discounted property tax Class II rate.

For Class III & IV Parcels:

Same formula except the discounted property tax rate for Class III and Class IV properties is used.

Until the present natural resource and county computer systems can be programmed to change appraisals based on tax classifications or until a new computerized appraisal system can be put into effect, the property tax discount will be a blended rate including both Class II and Class III rates.