



## Memorandum

SALVAGE

To : Mr. Paul Crebbin

Date : May 11, 1978

MAY 12 1978  
Times: Tax Division  
State Board Equalization

From : Ken McManigal

Subject: March 23, 1978, Letter -  
March 20, 1978, Letter -

This is in response to your request that we review provisions of the Timber Yield Tax Law in light of these taxpayers' requests that adjusted harvest values be utilized in conjunction with specific sales.

Company requests the adjusted values with respect to salvage timber in Shasta County (TVA 4) due to the necessity of yarding the timber with a helicopter.

Co. requests the adjusted value with respect to timber in Humboldt County (TVA 1) because the logging costs incurred were excessive due to the total rehabilitation of the land, the primary use of which is scenic and recreational (public park).

While these requests are, perhaps, not unreasonable, there is no provision of the law which would permit the use of adjusted harvest values under such circumstances. Pursuant to section 38204 of the Code, the harvest values adopted are supposed to be determined in a manner which makes reasonable allowance for costs of removal--accessibility to point of conversion ( Company) and other relevant factors ( Co.).

Section 38204 does provide for the modification of harvest values in certain instances. However, any modification of such values must reflect material changes in timber values that resulted from fire, blowdown, ice storm, flood, disease, insect damage or other cause, for any area in which damaged timber is located. Such is not the case in these instances.

JKM:fp



STATE BOARD OF EQUALIZATION

TAXPAYERS' RIGHTS ADVOCATE OFFICE, MIC.70  
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KATHLEEN CONNE  
Controller, Sacrame.

BURTON W. OLIV  
Executive Direc

May 2, 1995

Dear Mr. .

This is to confirm our recent conversations and my follow-up findings. You originally called Assemblywoman Barbara Alby's office and were referred to me. We talked in early March and you expressed you felt it was unfair that the value the Board of Equalization assessed on timber you harvested on your property in El Dorado county was almost three times the value of what you actually received. To pay taxes based on that higher value appears unfair. You also took issue with the complexity of the tax return you were required to submit, stating you had to hire an accountant to assist you to complete it.

I have discussed these issues with Mr. Bill Jackson, Chief of Timber Tax Division, who I understand has also previously discussed these issues with you. You own about 24 acres in El Dorado county which was damaged last year by the Kelsey Fire. You indicated you salvaged the burned timber for about \$13,000, but the Board of Equalization assessed you almost \$35,000.

It is important to understand that under the yield tax law, timber owners are not entitled to an individual appraisal of their timber, but rather are required to use a valuation that represents the mid-range price of a given species of timber for a large geographical area. Under normal circumstances, the Board publishes harvest value schedules semiannually to be used for administering the timber yield tax. The Board can not publish schedules in anticipation of major disasters. The Legislature recognized this problem when the yield tax law was first established. Consequently, the attached Revenue and Taxation (R&T) Code 38204(b) provides for the Board to publish modified schedules to accommodate unpredictable events. In this instance, the Board did not adopt a modified schedule.

At this point, you have the right to file an application for a modified schedule. R&T Code Section 38204(b) provides that the Board either on its own motion after consultation with the Timber Advisory Committee or in response to an application from a timber owner, may modify the immediate harvest values to reflect value changes resulting from certain named disasters, including fire.

Once your application is received, the Timber Tax Division foresters would conduct an investigation and provide a recommendation to the Board. If the Board were to decide a modified schedule is necessary, the modified schedule would have to be retroactively applied to all taxpayers on the burn area, not just to your specific situation. That action would require the Board staff to identify all taxpayers and to make refunds accordingly. Please send your application to :

State Board of Equalization  
Attn. Ms. Janice Masterton, Chief  
Board Proceedings Division  
P.O. Box 942879, MIC:81  
Sacramento, CA 94279-0081

As a result of our conversations, I have reviewed the tax return and agree with you that it is quite complex, particularly for a first and probably one-time filer such as yourself. One of the mandates of my office is to periodically review property tax statements and forms and their instructions to determine whether they promote or discourage taxpayer compliance and whether they are necessary and germane to the assessment function. I welcome your specific suggestions for modifications to this form and will be more closely reviewing it within this next year.

If you have any general questions you may call me at 324-2796. Specific questions regarding the application for a modified schedule process should be addressed to Mr. Bill Jackson at 445-6964.

Sincerely,



Jennifer L. Willis  
Taxpayers' Rights Advocate

Attachment

cc: Honorable Barbara Alby  
Mr. John W. Hagerty  
Mr. William B. Jackson  
Ms. Margaret S. Shedd  
Ms. Janice Masterton