

DRAFT Minutes
Timber Advisory Committee
Thursday, May 13, 2021, Meeting

The meeting was called to order by Mr. James Dahlen, Vice-Chair, at 10:04 a.m. Due to COVID-19, all attendees participated via video/teleconference.

COMMITTEE MEMBERS IN ATTENDANCE

James Dahlen, Vice-Chair
Leslie Morgan
Jennifer Perry
Marty Olhiser
Lennart Lindstrand, Jr.
Mari Wilson
Cynthia Froggatt

REPRESENTING

CDTFA/Program Compliance Bureau (PCB)
Assessor, Shasta County
Assessor, Del Norte County
Large-Scale Timber Owners
Small-Scale Timber Owners
Assessor, Humboldt County
Assessor, Plumas County

COMMITTEE MEMBERS NOT ATTENDING

Karl Weiland
Matt Dias

REPRESENTING

Assessor, El Dorado County
Board of Forestry

OTHERS IN ATTENDANCE VIA PHONE

Susanne Buehler, Deputy Director
Mike Doyich
Mark Collins
Charles Holthaus
Leslie Ang
Tuan Nguyen
Kevin Conway
Rachel Zou
Cory Bingaman

REPRESENTING

CDTFA, Business Tax and Fee Division (BTFD)
CDTFA, BTFD/Timber Tax Section
CDTFA, BTFD/Timber Tax Section
CDTFA, BTFD/Timber Tax Section
CDTFA, Legal Division
CDTFA, BTFD/Program Compliance Branch
Cal Fire - State Forests Program
CDTFA, Program Administration Branch
Collins Pine Company

1. Call to Order and Opening Comments – Mr. James Dahlen

Mr. James Dahlen, Vice-Chair of the committee called the meeting to order at 10:04 am and welcomed everyone with some brief opening comments. Mr. Dahlen announced that Mr. Charles Leonhardt (Current Chair) retired from his position as the Plumas County Assessor and from the Timber Advisory Committee, and in his absence, Mr. Dahlen will be assuming the role of acting Chair for today's meeting.

2. Roll Call

Mr. Dahlen announced to the committee that Ms. Mari Wilson, the Assessor from Humboldt County would be attending today's meeting late. The Chair then called the roll, and attending members were sufficient to reach a quorum, and the meeting was allowed to proceed.

3. Review and Approval of Meeting Agenda

No additions to the Meeting Agenda were suggested or discussed

4. Introduction of New Timber Advisory Committee Member, MS. Cynthia Froggatt, and Oath of Office

Mr. Dahlen introduced Cynthia Froggatt, Plumas County Assessor, to the committee and explained to the members that Ms. Froggatt will be replacing the former Plumas County Assessor and committee representative, Mr. Charles Leonhardt, who recently retired. Ms. Leslie Ang from CDTFA's Legal Department administered the Oath of Office to new committee member, Ms. Froggatt.

5. Election of Officers - Chair and Vice-Chair/Secretary (2-year terms)

Mr. Dahlen explained that Mr. Leonhardt's departure has left the Chair position vacant and that, with the exception of the last term election, the agency representative has typically been elected to the office of Chair because the agency traditionally is the host for TAC meetings, as well as for other logistical reasons pertaining to the values approval process. Mr. Dahlen then opened the floor for nominations for the office of TAC Committee Chair. Mr. Marty Olhiser moved to nominate Mr. Dahlen and the nomination was seconded by Ms. Leslie Morgan. The nomination was approved unanimously. Next, Mr. Dahlen opened the floor for nominations for the office of TAC Committee Vice-Chair/Secretary. Mr. Dahlen nominated Ms. Leslie Morgan for the office of Vice-Chair/Secretary and Ms. Morgan accepted the nomination. Mr. Marty Olhiser seconded the nomination. The nomination was approved unanimously.

6. Discussion and Approval of the Minutes from the November 12, 2020 Meeting

Mr. Dahlen opened the floor to discussion on the November 12, 2020 meeting minutes. Mr. Lennart Lindstrand said that he had reviewed the minutes and found them to be in order. There was no further discussion regarding the minutes from the previous meeting. Mr. Lindstrand moved for approval of the minutes and Mr. Marty Olhiser seconded. The motion passed unanimously.

7. Opening Comments and General marketing trends – Mr. Mike Doyich

Mr. Dahlen passed the floor to Senior Forest Property Appraiser, Mr. Mike Doyich, who discussed general market conditions stating that the timber values are quite variable so far this year, and have been primarily influenced by the record fire season of 2020, the global Covid-19 pandemic and the general condition of the economy. Mr. Doyich then discussed the severe drought conditions the state is facing this upcoming summer, also emphasizing the extremely large magnitude of timber volume that was killed during the 2020 fire season and stated that it is unlikely that much of the fire killed timber on USFS lands will be harvested in a timely manner. Mr. Doyich then discussed the recent sale of timberlands in TVA 7 and how the consolidation of timberlands into large private fee land ownerships leads to a lack of competition and arm's length, open market transactions that are necessary for the timber appraisal process.

8. Suggested Immediate Harvest Values for the Period of July 1, 2021 – December 31, 2021

a) Table G – Green Timber Harvest Values

Mr. Dahlen again passed the floor to Senior Forest Property Appraiser, Mr. Mike Doyich, who presented a summary of the green timber value changes that are being observed in the different regions of the state. Mr. Doyich explained that areas with large volumes of fire killed timber have generally seen a reduction in green timber values due to over-supply, while other areas of the state have seen an increase in timber values. Mr. Dahlen then opened the floor to discussion about Table G - Green Timber Values. Mr. Lindstrand started the discussion by commenting that the proposed values in the regions he is familiar with in TVA's 4, 5, and 6 are in line and reflective of his observations. In the absence of any further discussion, Mr. Lindstrand moved to approve Table G - Green Timber Harvest Values as presented; Mr. Marty Olhiser seconded the motion. The motion passed unanimously.

b) Table S – Salvage Timber Harvest Values

Mr. Doyich took the floor and discussed the methodology that the Timber Tax team used for establishing the percent green factors used to calculate the proposed salvage timber harvest values contained in Table S. All sales classified as *Salvage* or *Modified Salvage* were considered in the analysis. Mr. Doyich then presented a comparison of the tax liability taxpayers would experience if modified value schedules were established for the second quarter of 2021 and the second half of 2021, as compared to using the standard salvage timber values contained in Table S. In conclusion, Mr. Doyich recommended that modified value schedules are not necessary at this time based on the current information the Timber Tax team has collected because modified schedules would produce a net increase in tax liability for taxpayers. Mr. Lindstrand commented that markets are rapidly changing and that upcoming sales will likely justify the need for a modified value schedule, especially in TVA 6. Mr. Doyich agreed and assured Mr. Lindstrand that the Timber Tax team is actively monitoring the markets and that a modified schedule(s) would be proposed should supporting sale data become available. Mr. Lindstrand then moved to approve the proposed Table S - Salvage Timber Harvest Values as presented; Ms. Leslie Morgan seconded the motion. The motion passed unanimously.

c) Table 1 – Miscellaneous Forest Products Harvest Values

Mr. Dahlen opened discussion on Table 1 values. Mr. Doyich presented the proposed Table 1 values and stated that the only changes to the Miscellaneous Forest Products Table 1 were in the Poles Categories. Mr. Lindstrand started a discussion about the ratio of SSM reported harvest volume to reported sawlog timber harvest volume statewide. Timber Tax team members explained that the information he was requesting had not been prepared for presentation at today's meeting and therefore it is not available at this time to answer his question. The Timber Tax team went on to explain that the sale information that is collected does not capture all the sales that have transacted and that sales volumes may not be representative of the magnitude of the respective reported volumes. After further dialog Mr. Lindstrand stated this should be a topic of future discussion. Mr. Lindstrand then moved to approve the proposed Table 1 - Miscellaneous Forest Products Harvest Values as presented; Mr. Marty Olhiser seconded the motion. The motion passed unanimously.

9. Old Business

a) Status of Vacant Appraiser Position

Mr. Dahlen took the floor and informed the committee that after several rounds of recruitment the department has not had any qualified applicants apply for the open Associate Forest Property Appraiser position, which requires an RPF license. Upper Management discussions are ongoing about how to increase interest; however this issue remains unresolved.

10. New Business

a) Change to Emailing the TAC Appraisal Summary Documents vs. Hard Copy Mailing

Mr. Dahlen took the floor and explained that the department has traditionally distributed the TAC mailing packets by hard copy mailings and that there has been interest in changing to email distribution, Mr. Dahlen then opened the floor for discussion. Ms. Leslie Ang, CDTFA, Legal Division, advised that there is a potential for violations of the Bagley Keene public meeting notice provisions in regard to the recipients of the emailing replying to the email and starting discussions on the content of the appraisal summary information. This could be construed as conducting an unnoticed public meeting by the committee members. Ms. Leslie Morgan suggested adding a disclaimer to the email that instructs recipients to not send reply messages, the Timber Tax team agreed to add the disclaimer. Ms. Leslie Morgan made a motion to begin email distribution of the TAC mailing packets inclusive of the suggested disclaimer statement; Mr. Marty Olhiser seconded the motion. The motion passed unanimously.

b) Tentative Date for Next Meeting:

Mr. Dahlen announced the next TAC Committee meeting is scheduled for Thursday, November 18, 2021, at 10:00 am, via video conference, pending the status of changing Covid-19 protocols. There were no objections by the committee regarding this date.

Mr. Olhiser asked the committee to consider continuing with the video conference format for future TAC meetings after Covid-19 restrictions are lifted. Several members of the committee voiced their support of continuing with video conferencing meetings, citing convenience and reduced travel burdens. Mr. Lindstrand said he preferred in-person meetings but asked the committee to consider adding the possibility of a hybrid meeting format where an in-person meeting is scheduled with video conferencing options available. Mr. Dahlen said all ideas will be considered when planning for the next meeting.

Mr. Dahlen informed the committee that the next public hearing where input or comments from the public may be offered in route to the final adoption of the 2H21 Immediate Harvest Values is scheduled for June 24, 2021, at 10:00 am, via teleconference.

The meeting was adjourned at 11:14 am.