The meeting was called to order by Mr. James Dahlen, Chair, at 10:05 a.m.

**COMMITTEE MEMBERS IN ATTENDANCE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Representing</th>
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<tr>
<td>James Dahlen, Chair</td>
<td>CDTFA/Program Compliance Bureau (PCB)</td>
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<td>Leslie Morgan</td>
<td>Assessor, Shasta County</td>
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<td>Jennifer Perry</td>
<td>Assessor, Del Norte County</td>
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<td>Mari Wilson</td>
<td>Assessor, Humboldt County</td>
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<td>Cynthia Froggatt</td>
<td>Assessor, Plumas County</td>
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<td>Karl Weiland</td>
<td>Assessor, El Dorado County</td>
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<td>Dan Stapleton</td>
<td>Board of Forestry</td>
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<td>Marty Olhiser</td>
<td>Large-Scale Timber Owners</td>
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<tr>
<td>Lennart Lindstrand, Jr.</td>
<td>Small-Scale Timber Owners</td>
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**COMMITTEE MEMBERS NOT ATTENDING**

None

**OTHERS IN ATTENDANCE VIA TEAMS/PHONE**

<table>
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<tr>
<th>Name</th>
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<tr>
<td>Susanne Buehler, Deputy Director</td>
<td>CDTFA, Business Tax and Fee Division (BTFD)</td>
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<td>Mike Doyich</td>
<td>CDTFA, BTFD/Timber Tax Section</td>
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<td>Mark Collins</td>
<td>CDTFA, BTFD/Timber Tax Section</td>
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<td>Charles Holthaus</td>
<td>CDTFA, BTFD/Timber Tax Section</td>
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<td>Theresa Warshawer</td>
<td>CDTFA, BTFD/Timber Tax Section</td>
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<td>Leslie Ang</td>
<td>CDTFA, Legal Division</td>
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<td>Tuan Nguyen</td>
<td>CDTFA, BTFD/PCB</td>
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<td>Rachel Zou</td>
<td>CDTFA, Program Administration Branch</td>
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<td>Bob Rynearson</td>
<td>Land Manager, WM Beaty and Associates, Inc.</td>
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<tr>
<td>Abe Mantel</td>
<td>Oregon, Interested Party</td>
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1. **Call to Order and Opening Comments – Mr. James Dahlen**

   Mr. James Dahlen, Chair of the committee, called the meeting to order at 10:05 a.m. and welcomed everyone with brief opening comments.

2. **Roll Call**

   Mr. Dahlen called the roll, all committee members were present, and the meeting was allowed to proceed.

3. **Introduction of the New Board of Forestry Representative – Mr. Dan Stapleton**

   Mr. Dahlen introduced Mr. Dan Stapleton to the committee as the new Board of Forestry (BOF) representative and gave a brief background regarding his past and current work experience as a licensed forester and his position with the Board of Forestry. Ms. Leslie Ang, of CDTFA’s Legal Division administered the oath of office to Mr. Stapleton.
4. Review and Approval of Meeting Agenda

There were no requests for changes or additions to the meeting agenda.

5. Discussion and Approval of the Minutes from the November 18, 2021, Meeting

Mr. Dahlen began the meeting by stating three corrections to the draft minutes from the November 18, 2021, meeting need to be made prior to discussion or voting for approval. Mr. Dahlen asked Senior Forester, Mr. Mike Doyich, to review the corrections for the benefit of the committee.

The first correction is on Page 3 under the salvage discussion, where a reference to the Dixie Fire should have instead referenced the Caldor Fire. The second correction identified is on Page 5 in the Table 1 discussion, where a statement was duplicated unnecessarily and should be deleted to avoid redundancy. The third and more substantive correction identified by Mr. Doyich was on Page 6 in the second to last paragraph. It pertained to a statement that Ms. Ang made in the discussion about potential county deductions. The original wording stated that: “if it is decided that any changes need to be made then, per Section 38204, this would need to be treated as a regulation change under the Administrative Procedure Act.” The problem with this statement was in reference to the wording any changes. Only a change to the TVA boundaries would require a regulation change, not merely any changes. Mr. Doyich verified the need for this correction by reviewing the recording of the previous meeting and conferring with Ms. Ang of the CDTFA legal department, who agreed with the need for the change. Mr. Doyich asked that the minutes be corrected to read: “Ms. Leslie Ang of CDTFA’s legal department stated that if it is decided that any changes need to be made to the TVA boundaries then, per Section 38204, this would need to be treated as a regulation change under the Administrative Procedure Act.” No other corrections to the minutes were made by any of the committee members. Mr. Lennart Lindstrand made a motion to adopt the minutes as corrected and Mr. Marty Olhiser seconded the motion. The motion passed unanimously.

6. Opening Comments and General Marketing Trends – Mr. Mike Doyich

Mr. Dahlen passed the floor to Mr. Doyich for a background of the current general marketing conditions in the state. Mr. Doyich reminded everyone about the large volume of fire salvaging that is occurring in the inland regions of the state and the south coast region of TVA 3 in the Santa Cruz Mountains. Mr. Doyich said that for the state as a whole, log prices for green timber are higher than they were six months ago and that most of the values in all the TVAs are going up, with just a few values unchanged, or going down. The redwood and whitewood values on the north coast in TVA’s 1 and 2 are quite robust and show significant increases. In the southern coastal areas of TVA 3, values are still flat due to the ongoing fire salvaging from 2020. Inland, most species values are slightly up or flat, except for Douglas-fir, which has shown some significant increases in the northern counties in TVA’s 4, 5, and 6. February, March and April experienced some high price spikes in some of the Douglas-fir sales due to a lack of supply. This price spike has since quelled a bit in recent weeks. The Western Wood Products Association Lumber Index experienced large price reductions in the third quarter of 2021 but has generally shown price increases since October 2021. Currently the export market is practically non-existent and the allocation of revenues back to the counties is significantly down over the past year due to the large volumes of low value salvage timber being harvested.
The large landowner’s representative, Mr. Olhiser commented that the presentation was well done and the small landowner’s representative Mr. Lindstrand, agreed with the current marketing trends as presented by Mr. Doyich.

7. Suggested Immediate Harvest Values for the Period of July 1, 2022 – December 31, 2022

a) Table G – Green Timber Harvest Values

Mr. Doyich began the discussion on Item 7, Table G, explaining some of the reports and tables that were mailed out as part of the Appraisal Summary to help everyone understand the information they contain. He noted that some of the proposed values are the same across all size classes for certain species within some of the TVA’s. This anomaly is the result of Camp Run Pricing, where logs of a certain species are purchased at the same price regardless of log size, diameter class or log quality. This new approach allows for maintaining the size classifications in the programming while allowing the appraisers to actually follow all of the data, instead of arbitrarily assigning a higher value to a larger size class when the data supports the same value or maybe a lower value for a larger size class. At the completion of his presentation, Mr. Doyich opened the floor for discussion on Item 7, Table G, Green Timber Harvest Values. In the absence of any discussion, Mr. Lindstrand made a motion to adopt the Table G values as proposed. Mr. Olhiser seconded the motion. The motion passed unanimously.

b) Table S – Salvage Timber Harvest Values

Mr. Doyich began the Table S, Salvage Timber Harvest Values discussion by asking the committee members to refer to Pages 9, 10 and 13 in the Appraisal Summary. He described the process the appraisers use to determine the salvage values and how to see if a salvage value was determined by using the Percent of Green Factor method, or if the value was derived by using sales information. As a rule, the lower of the two values are proposed to the committee, to at least give taxpayers some tax relief from all the destruction and financial losses these catastrophic wildfires cause.

Mr. Lindstrand began the salvage discussion with a focus on the Dixie Fire area. Mr. Lindstrand stated that he agreed with the proposed salvage values for all species in TVA 6, but that it is in TVA 7 where he sees a problem with some of the proposed salvage values. Mr. Lindstrand stated that the dynamic of the Dixie Fire has significantly lowered the values for salvage in TVA 7 due to oversupply and dwindling marketability, and he felt that the established procedures and protocols used by staff to determine some of the proposed salvage values in TVA 7 do not apply to the current salvage market. For example, the proposed TVA 7 salvage value for pine is $20 and the proposed salvage value for white fir is $80, and Mr. Lindstrand contends that his sale data indicates a value of no more than $10 for Ponderosa Pine and $60 for White fir. Mr. Doyich asked for clarification regarding which pine size classes Mr. Lindstrand was disputing. Mr. Lindstrand responded that the value disagreement is with the Size Class 3 salvage pine value only, and that he is not disputing the proposed salvage values in Size Class 1 or 2 pine. Mr. Doyich then turned the floor over to Mr. Charles Holthaus, Associate Forest Property Appraiser, to respond to Mr. Lindstrand’s comments. Mr. Holthaus began by saying that the most recent 2022 salvage sale information that has been collected is in line with the values that Mr. Lindstrand presented, but the number of sales in the sample is less-than five sales, and as a matter of policy he cannot disclose any specifics about the sales information. General
The appraisal protocol is to not place much reliance on sales data with small sample sizes. Mr. Holthaus stated that the 24-month weighted average for Size Class 3 salvage pine calculated to $14 and that the percent of green factor method yielded a value of $20. Mr. Holthaus explained that staff used the percent of green factor in this case due to the small sample size of current year sales.

Mr. Holthaus explained why there is such a lack of sales information and how the dynamics of the different categories of private ownerships are impacting the salvage values in TVA 7. Because the majority of the timberlands that burned in the Dixie Fire are on the large industrial ownerships, as compared to the relatively fewer number of small private ownerships, that in itself severely limits the opportunity to obtain very many open-market sales. Because the local mills are not buying outside purchase logs means the small-scale landowners have to ship logs longer distances to find buyers willing to purchase their logs, and this translates into much higher hauling costs and therefore lower stumpage values. The industrial timberland owners are salvaging their company owned timberlands (aka, Fee Lands) and they are bringing salvage logs into their own sawmills for processing, which means they do not have to find other outside markets to sell their logs to. The inherent nature of harvesting their own Fee Land timber provides for shorter haul distances and lower hauling costs, as the logs flow naturally to their own mills by design. Unlike the small-scale non-industrial landowners, the industrial owners don’t have to ship logs to distant markets to find a buyer for their logs, and the economy of scale also yields lower logging costs as well. All of this translates to lower overall operating costs and a higher return to stumpage value for the industrial owners. However, these large-scale industrial operations are not open-market sales transactions that can be used for appraisal, and the end result is very limited open-market sales information. Due to all of these factors and constraints, staff decided the more prudent approach was to use the percent factor of green method to set the salvage pine values in TVA 7, due to the limited amount of current year sales data.

Mr. Holthaus also reminded the committee of the recent price spike for Douglas-fir that occurred earlier in the year, and because staff recognized this as anomaly due to a temporary lack of supply, rather than a long-term trend, the appraisers used the 24-month averages to set the green values for Douglas-fir. The 24-month weighted average removes the highs and lows in market conditions, and generally is more reflective of current market value. Staff strives to be consistent with using the best data available in setting values, so rather than relying entirely on the limited amount of current year green Douglas-fir sales information to set the value, the 24-month average recognizes those sales, without relying entirely on current year sales. Likewise, due to the lack of current year salvage sales information, and using this same reasoning and for consistency, the approach used in setting all of the salvage values in TVA 7 was to use the lower of the 24-month averages or the percent factor of the green value. Therefore, Douglas-fir salvage in TVA 7 was set using the percent factor method. Even when the percent factor of green method is used as the basis for salvage, there is a very large amount of sales data that supports the percentages. Mr. Holthaus reminded the committee that the suggested values are based on the data and established principles of appraisal, and that the committee has the option of voting to approve the values as proposed, or they can amend the suggested values based on additional support documentation or credible information they can provide to support any changes.
Mr. Doyich then pointed out that we have not discussed the white fir salvage values yet. Mr. Holthaus continued and said that the White Fir salvage sale data has more sales than the pine salvage sale data with 24 sales involving over 21 million board feet that calculated to a 24-month weighted average value of $80. The 2020 data set alone, which only captures the fourth quarter 2020, indicates an average value of $91. The 2021 white fir salvage sale data by itself has 11 sales and calculates to an average value of $104. The most recent 2022 sales data has a very limited number of sales, but the 2022 sales do tend to support Mr. Lindstrand’s contention that fir salvage in TVA 7 is more like $60. Due to the lack of current year’s sales information staff used the 24-month average to base the $80 fir salvage value on, and this is lower than what the percent factor method indicated.

Mr. Doyich asked if we can disclose the specifics of the white fir sales in the current 2022 data. Mr. Holthaus responded that there are less-than 5 sales in the 2022 white fir salvage data. Mr. Doyich explained that in order to protect the confidentiality of our sources we do not disclose the number of sales or the calculated IHV’s in a data set when there is generally 5 or fewer sales. But we can say that the limited amount of current 2022 data does indicate a salvage value in line with Mr. Lindstrand’s request of $60 for white fir salvage. Mr. Doyich reiterated that the market data that staff has been able to obtain supports the proposed salvage values in TVA 7, and it is now up to the committee to decide on how to proceed. The committee can change the pine Size Class 3 salvage value or the white fir salvage value, or both, with a motion, a second, and a majority vote.

Mr. Mark Collins, Senior Forest Property Appraiser, reenforced the discussion regarding using the 24-month averages, verses current year sales to base values on. Mr. Collins believed that for consistency, if we are to use the limited amount of current year sales data to base the salvage values on, then by that same reasoning the limited amount of current year Douglas-fir sales should be used to raise Douglas-fir values, adding we cannot just cherry pick our methods and use 24-month averages when we like those values or use the current sales when we like those values.

Ms. Leslie Morgan, Shasta County Assessor, agreed with Mr. Collins and said that this is the balance the group is always wrestling with, and that is when do the current values reflect something that’s really worth overriding the 24-month averages. Ms. Morgan also stated that we can’t just use the current sales when they show a lower value or chose to use the 24-month average when the current sales show a higher value if that is the intended outcome. She believed whatever is decided the committee must be consistent in the methodology.

Mr. Dahl en then said he agrees and feels it’s a slippery slope to start moving away from established procedures that have been in place for many years. He agreed that the committee has the authority to change the suggested values if deemed appropriate and can be justified however, he stressed that any decisions the committee makes must be defensible to maintain the integrity and credibility of the committee.

Mr. Lindstrand again reiterated that due to the unusual circumstances these large-scale fires create, the salvage market is flooded with oversupply and the limited marketing options requires the small-scale landowners to haul logs further in order to market their logs, and this nets a much lower income to the small landowner. Mr. Lindstrand admited he did not consider the high
Douglas-fir values earlier, but that he feels the bulk of the fire salvage harvest volume will be pine and white fir. Mr. Lindstrand acknowledged the spike in the Douglas-fir prices and said he would not argue against going back and raising the proposed Douglas-fir salvage rates, but he stated again that he feels the Size Class 3 pine and white fir proposed salvage values are too high. Mr. Lindstrand added that he believes that following standard procedures may not apply to today’s salvage market, and that the circumstances surrounding these mega fires has changed the flow of logs in the marketplace and there should be some way of either showing flexibility, or departure from the standard procedures in these sorts of unusual circumstances.

When asked for input, the large-scale landowner’s representative Mr. Olhiser agreed with the other committee members that the committee should be consistent with how they do things. Ms. Cynthia Froggatt, Plumas County Assessor, acknowledged and agreed with other committee members comments regarding the enormous magnitude of fire salvaging going on in Plumas County. She confirmed that the smaller landowners are having a rough time and that log decks at the local mills are almost full, and that everyone is running at full capacity to meet the 2-year shelf life for harvesting as much salvage timber as possible before it is no longer merchantable.

Ms. Morgan then asked Mr. Holthaus if there was anything that stands out in the 24-month averages that would significantly skew the weighted average calculations, because she is concerned with the lack of current year sales data. Mr. Doyich asked what the mathematical average is for the 24-month period for white fir, because that would remove any skew in the data that any one sale with a large volume would cause in the weighted average. Mr. Holthaus reported to the committee that the arithmetic 24-month average for PPS3 was $22 as compared with the weighted average of $14. And the arithmetic 24-month average for fir salvage was $82 as compared to the 3-year weighted average of $80. This shows that the larger volume sales that carry more weight and influence in the 24-month weighted averages are yielding lower immediate harvest values (IHV’s) than the smaller volume sales, and that not any one sale is skewing the 24-month weighted averages abnormally higher. Mr. Holthaus went back and summarized the salvage data for PPS 3 and salvage fir by year, for the years 2020, 2021 and 2022. With the exception of PPS 3 in 2021 which was slightly lower, all of the older year sales had higher calculated IHV’s than the current 2022-year sales. Mr. Doyich concluded that these older sales are from before the Dixie Fire and that this supports Mr. Lindstrand’s argument of the impact the Dixie Fire is having on the current salvage market.

Mr. Collins stated the oversupply of salvage and lack of marketability are problems that have been created by the numerous large-scale wildfires and that we are being asked to fix it with the yield tax system. Even if the yield tax is waived, landowners still can’t ship logs from TVA 7 to the coast and expect to make any profit; a $10 reduction in yield tax values is not going to compensate for that. Mr. Collins also mentioned that the counties would get less tax revenue because the large fee landowners that are harvesting most of the volume will also get the $10 reduction in taxable value and that we are debating an issue for the minority instead of the majority. Mr. Olhiser agreed and said Mr. Collins made a great point.

Mr. Bob Rynearson, Land Manager for WM Beaty and Associates, stated that, as a fairly large landowner that does not have its own sawmills, that by definition makes them a non-industrial timberland landowner. Mr. Rynearson told the committee that they are shipping salvage fir logs
from TVA 7 all the way to Ukiah, and that is why the reported white fir sales prices are so low now. He added that it has become uneconomical to ship pine logs that far, so they do not have any pine sales to provide. He expressed his disappointment with the high salvage values in TVA 7 and said that although he understands how the Timber Tax appraisal system works, he feels the small non-industrial timberland owners are being treated unfairly when the sample size is small and there isn’t enough admissible sales information available for staff appraisers to base values on. Due to the fact that industrial landowners’ sales are not open-market, and cannot be used in Timber Tax appraisals, the non-industrial owners are being victimized and they are paying the price in higher taxable values because of the way the yield tax system is designed. Since only the non-industrial sales are the only sales admissible for appraisal purposes, the limited number of lower value current year sales are not even being considered, and this is unfairly impacting the non-industrial owners.

Ms. Morgan asked if the same scenario with the same number of sales indicated a $30 increase, would we be having the same discussion about the impact of small sample sizes and would we be shying away from the 24-month rolling average when the data indicates the values are going up instead of down. Mr. Collins mentioned that the market always changes some between our appraisal date, the Timber Advisory Committee (TAC) meeting date, and the time when the values are adopted, and that our numbers typically lag the market by about six months; the best that we can try and do is to capture and correct the changes next time by filtering out any dramatic peaks or valleys in the values.

Mr. Lindstrand mentioned that a modified value schedule would be an alternative to making a change to the proposed value schedule at today’s meeting and wanted to discuss the possibility of proposing modified schedules specific to each individual fire event. Mr. Doyich addressed Mr. Lindstrand’s question by explaining that the same datasets we are currently discussing for salvage timber would be used to establish a modified salvage schedule, because with very few exceptions all of the data in the 24-month data sets are large scale fire salvage sales. So, it does not matter what you name it, a salvage schedule or modified salvage schedule, it is all the same data. Mr. Doyich said the limited amount of current year data supports $10 for Size Class 3 salvage pine and $60 for white fir salvage, but a motion would need to be made based on the current year data, for which there is not a lot of information available.

Mr. Dahlen stated that there has been a lot of good points brought up in the salvage discussions and that the committee will have to decide to either change the values or accept the values as proposed. Ms. Morgan, then made a motion to adopt the Table S values as proposed by staff, Mr. Weiland, El Dorado County Assessor, seconded the motion. The motion passed unanimously.

c) Table 1 – Miscellaneous Forest Products Harvest Values

Mr. Dahlen opened the discussion on Table 1 values. Mr. Doyich asked the committee to refer to either Page 7 or Page 12 of the Appraisal Summary for the discussion on Table 1, Miscellaneous Forest Products. Mr. Doyich stated that all three categories of poles are up with small Douglas-fir poles up $40/MBF, large Douglas-fir poles are up $70/MBF, while the pine and fir pole category is only up $10/MBF. The Small Sawlog Miscellaneous category is up $20/MBF,
and the Conifer Miscellaneous (CM) category is down $10/MBF. Mr. Doyich then opened the floor to the committee for discussion. In the absence of any discussion, Mr. Lindstrand moved to approve Table 1 values as proposed. Mr. Stapleton seconded the motion and the motion passed unanimously.

8. Old Business

a) Report on the Results of the County Deduction Study

Mr. Doyich provided some background for the discussion on the topic of the county deduction study by summarizing the events that led up to a request for a county deduction by the committee at the November 18, 2021, meeting. In the second half of 2021, Timber Tax staff received several complaints from taxpayers and RPF’s about TVA 2 salvage values being too high for Sonoma County, and that the high values were being driven by all the Mendocino County sales information. The problem is said to be a result of Sonoma County’s longer haul distances and higher costs to reach sawmills in other counties. Many landowners said they were operating at a loss and yet still had to pay yield tax. The committee approved a motion at the November 18, 2021, meeting requesting Timber Tax staff to conduct a study of all available sales data, going back two years, and possibly five years if it was available, to determine if a county deduction for excessive haul costs in TVA 2, Sonoma County is justified. The motion also included a request to include several counties from TVA 4 which included Glenn, Lake, and the western portions of Tehama County, to determine if county deductions would be warranted in those counties as well.

Mr. Doyich outlined staff’s approach and methodology in handling the county deduction study. A cost analysis was made to estimate how much adding county deductions would cost for programming and online tax return changes. Staff also consulted with the CDTFA accounting department manager to determine if there is a potential for a cost share with the counties for implementation. The results of the financial impacts indicated that the estimated cost for implementation was approximately $60,000.00 and that if this expense is approved as part of the CDTFA budget plan as an acceptable administrative cost to implement the timber tax program, the department could potentially pass some or all of this expense on to the counties by deducting it from the revenues collected prior to the semiannual allocation of values. Meaning that if all of this were to happen, all counties would bear some of the cost to implement the change and not just those few counties receiving the benefit of the deduction. Finally, Mr. Doyich informed the committee that the additional sales information needed to conduct the study that was said to be provided by some of the affected consulting foresters and landowners in Sonoma County was never received.

In the absence of additional sales information, Timber Tax staff decided to go back and analyze all the data in the Timber Tax database dating back to January 1, 2011. This start date was chosen because that was the last time the TVA boundaries were realigned. Mr. Doyich explained the reasoning for analyzing all the available data from 2011 to the present was, not only would this increase the sample size and level of confidence in the statistics, but it would also demonstrate the fit of Sonoma County with Mendocino County for the last eleven years. Prior to this time, Sonoma County was paired with the Santa Cruz area counties for a number
of years. The floor was then passed to Mr. Holthaus to present the findings of the county deduction study.

Mr. Holthaus began with an explanation of the methodology used, and he explained that base areas were established for both of the TVAs in the study so that the haul rates from the individual counties could be compared to a TVA base average to determine if there were any cost differential trends. The base area for TVA 2 was Mendocino County and the base area for TVA 4 was all of Trinity County and the western portions of Siskiyou and Shasta Counties that are part of TVA 4. He noted that there was not any sales information available for Glenn, Colusa, Yolo, and Solano Counties in TVA 4, or for Marin County in TVA 2. After the detailed review and analysis of the eleven years of sales information, the results indicated that the haul cost differential in TVA 2 for Sonoma County was only $12/MBF higher, as compared to Mendocino County. The limited sales data for Napa County only had five sales that indicated a higher haul cost of $48/MBF. For Lake County in TVA 4, eight sales indicated the haul cost differential was $3/MBF lower than the base area, and the data for Tehama County showed a $54/MBF higher cost differential.

In conclusion, Mr. Doyich stated staff is recommending to not implement any county deductions at this time. In TVA 2 with only a $12/MBF haul cost differential, the data for Sonoma County clearly does not justify the need for a county deduction, and the very limited data and minimal harvesting that occurs in Napa County does not warrant a deduction either. In TVA 4, Lake County had a lower cost differential than the base area, and while the data for western Tehama County indicates a $54 cost differential, most of the commercial timberlands in that county have already burned and have already been salvage logged, and therefore the minimal future harvest potential does not justify the expense and staff time to implement any changes. Mr. Doyich then opened the floor to the committee for discussion and comments on the county deduction study. Mr. Lindstrand thanked staff for all of the time and work spent on the analysis, and he expressed his disappointment that more data was not available to aid in the analysis. He was also disillusioned that so many foresters are reluctant to share information with Timber Tax staff. He was frustrated that the very parties that brought about the request for a deduction study and the hopes for a possible solution did not provide additional sales information. Mr. Dahlen stated that staff has analyzed all the available data as requested by the committee, and that the data demonstrates that county deductions are not necessary. Very little additional discussion was offered by the committee and no action was taken by the committee regarding implementing the request for county deductions.

9. New Business

a) **Table 1: Proposed Change to Move Shavings and Chipwood from the HW Category to the CS Category**

Mr. Doyich started the discussion with a brief background on what staff was proposing, and he explained that HW and CS are just species codes used to identify these two categories of miscellaneous forest products that are contained in Table 1. The HW category contains a mix of high value hardwood logs and low value shavings and chipwood, while the CS category contains low or no taxable value forest products, and it includes topwood and woods produced fuel chips. He went on to say that very little volume ever gets reported in either of these
categories and that the tax revenue is negligible. Mr. Doyich defined and explained each of the miscellaneous forest products in these two categories, what the products are used for, and the current associated units of measure.

Mr. Doyich explained that staff is proposing to move shavings and chipwood from the HW category to the CS category, and to change the CS category units of measure from Bone Dry Tons to just Tons, without any differentiation with regard to moisture content. The associated harvest value for CS would remain at $0.00 for now, until new sales information becomes available to indicate otherwise. Mr. Doyich noted that the cost to implement these changes would be negligible because they would not require any programming changes. The financial impact would not change for the CS category, and the tax revenue in the HW category would likely increase some. Overall, the financial impact is negligible, and the purpose of this proposed change is to bring the system more in line with current industry standards.

Mr. Collins took the floor and explained that he started gathering hardwood log sales in 2021 that were mostly Alder hardwood logs being shipped to Oregon markets. The immediate harvest values from these sales ranged from $10 in the first quarter to $24 in the third quarter. Because the higher value hardwood logs are over inflating the very low value shavings and chipwood (currently valued at $1.00 in the HW category), it became apparent that we needed to make a change. Mr. Dahlen then opened the topic for discussion to the committee. In the absence of any discussion on the topic, Mr. Olhiser made a motion to adopt the Table 1 changes as proposed, Mr. Lindstrand seconded the motion, and the motion passed unanimously. Mr. Doyich added that even though this change does not involve any programming changes and that making this change is not very complicated, it still may take some time to go through the required internal agency process, and that this change may not be implemented in time for the fall value session. If that is the case, then a progress report on the status of this change will be made at the November TAC Committee Meeting.

b) **TAC Member 4-year Terms are Expiring at the End of the Year**

Mr. Dahlen mentioned that all the committee member terms will be expiring on December 31, 2022, and all current committee members should consider if they want to return for another 4-year term. County Assessors, Ms. Mari Wilson and Mr. Karl Weiland, both said they would be retiring at the end of the year, and would not be returning to the committee. Ms. Wilson asked if she could nominate her replacement to the committee, as her deputy assessor is running unopposed in the November mid-term elections, and that she would like him to be her replacement on the committee. Mr. Dahlen acknowledged that she could do that. Mr. Weiland did not offer a suggestion for someone to replace him on the committee because the two candidates running for assessor in El Dorado County do not have any property tax experience and he felt neither candidate would make a good fit. There was also some discussion about whether any of the committee members terms are staggered, or if everyone was on the same term schedule, and what the rationale was for having 4-year terms. Mr. Doyich explained that everyone’s terms are expiring at the end of this year and explained the reasons why. The committee members were encouraged to reach out to Mr. Dahlen prior to the next meeting communicating their intent on returning and to make suggestions for their replacement, if necessary. Mr. Dahlen stated that communicating this to him by email would be fine.
c) Tentative Date for Next Meeting:

Mr. Dahlen announced the next TAC meeting is scheduled for Thursday, November 17, 2022, at 10:00 a.m., via video conference. The meeting was adjourned at 12:03 p.m.