The meeting was called to order by Mr. Chuck Leonhardt, Chair, at 10:02 a.m. Due to COVID-19, all attendees participated via video/teleconference.

COMMITTEE MEMBERS IN ATTENDANCE

Charles Leonhardt, Chair  Assessor, Plumas County
James Dahlen, Vice-chair  CDTFA/Program Compliance Bureau (PCB)
Leslie Morgan  Assessor, Shasta County
Karl Weiland  Assessor, El Dorado County
Jennifer Perry  Assessor, Del Norte County
Marty Olhiser  Large-Scale Timber Owners
Lennart Lindstrand, Jr.  Small-Scale Timber Owners
Matt Dias  Board of Forestry

OTHERS IN ATTENDANCE VIA PHONE

Susanne Buehler, Deputy Director  CDTFA, Business Tax and Fee Division (BTFD)
Mike Doyich  CDTFA, BTFD/Timber Tax Section
Mark Collins  CDTFA, BTFD/Timber Tax Section
Charles Holthaus  CDTFA, BTFD/Timber Tax Section
Leslie Ang  CDTFA, Legal Division
Tuan Nguyen  CDTFA, BTFD/PCB
George Gentry  California Forestry Association
Tim Treichelt  CDTFA, Tax Appeals Assistance
Bob Rynearson  W.M. Beaty & Associates
Kevin Conway  Cal Fire - State Forests Program
Rachel Zou  CDTFA, Program Administration Branch
Daniel Costan  CDTFA, BTFD/Return Processing Branch

1. Call to Order and Opening Comments – Mr. Charles Leonhardt

The Chair, Mr. Charles Leonhardt called the meeting to order and welcomed everyone with some brief opening comments. Next, Mr. Leonhardt suggested to the committee that Roll Call be added to today’s agenda as Item 1(a) and that the opportunity to review, amend and approve today’s agenda be added as Item 2(a); the committee was in full agreement.

1a. Roll Call

Mr. Leonhardt announced to the committee that Ms. Mari Wilson, the Assessor from Humboldt County would not be attending today’s meeting and that Ms. Wilson had delegated her proxy for voting privileges to him. The Chair then called the roll, and after which, announced that attending members were sufficient to reach a quorum, and the meeting was allowed to proceed.
2. Discussion and Approval of the May 14, 2020, Meeting Minutes and Agenda

Mr. Leonhardt opened discussion on the May 14, 2020 meeting minutes. Mr. Lennart Lindstrand said that he had reviewed the minutes and found them to be in order. Mr. Lindstrand moved for approval of the minutes and Mr. James Dahlen seconded. The motion passed unanimously.

2a. Review and Approval of the Agenda

Mr. Leonhardt asked the committee if there were any additional topics to add to the meeting agenda. Mr. Lindstrand moved for a discussion of the possible need for modified schedules to be added under New Business. Ms. Leslie Morgan seconded, and the motion passed unanimously. Next, Mr. Matt Diaz moved for a discussion on the current Timber Tax staffing status to also be added under New Business. This was seconded by Mr. Lindstrand and the motion passed with all in favor.

Mr. Leonhardt again suggested and supported the need for roll call and the opportunity to review and approve the agenda be permanently included as agenda items for all future meetings, and he asked if anyone was willing to make a motion to that effect. Ms. Morgan moved for these two items to be permanently added to all future meeting agendas. With a second from Mr. Marty Olhiser, the motion passed unanimously.

3. General marketing trends – Mr. Mike Doyich

The Chair passed the floor to Senior Forest Property Appraiser, Mr. Mike Doyich, who discussed general market conditions stating that the year has seen up and down ticks in the market as well as periods of stagnation, all influenced to some degree by various local, regional and worldwide events. This included impacts from the COVID-19 pandemic, overall economy swings and the extensive California wildfires. He then explained the information provided in the appraisal summary packet that the attendees had received prior to the meeting.


a) Table G – Green Timber Harvest Values

Mr. Doyich moved on to recommendations for values for the first half of 2021 and opened discussion on Table G. Mr. Lindstrand started the discussion by asking about the increases in pine and Douglas-fir in TVAs 4 and 6, as compared to the other inland TVAs. Mr. Charles Holthaus, the staff appraiser for these TVAs, explained that previously values had been set too low. Mr. Holthaus explained there had been a lack of more recent sales data from 2019 and early 2020 and that older sales from 2018 were receiving too large of a time adjustment from our index, thus skewing the values for those two TVAs to the low side. After having more time to gather sales data, and with an emphasis concentrating on more recent, current year sales data, the recommendations for first half 2021 values more accurately reflect current market conditions. After a discussion among Timber Advisory Committee (TAC) members and staff, Mr. Karl Weiland moved for approval of Table G; Mr. Matt Dias seconded the motion. The motion passed unanimously.
b) **Table S – Salvage Timber Harvest Values**

Mr. Leonhardt moved discussion to Table S. Mr. Doyich discussed how salvage values are calculated using a percent factor when there is not sufficient current salvage sales data. He also discussed how staff monitors these percent factors annually with an on-going study of the relationship between green values and salvage values. The current analysis lowered the pine percent factor from 45% to 40% and the Hem/Fir category remained unchanged at 60%. The limited data for Douglas-fir and Incense Cedar indicated increases in those percent factors, however, there was insufficient data in the analysis to base a change on for these two species. Therefore, the salvage percent factors for Douglas-fir and Incense Cedar remained at 60% and Redwood and Port-Orford Cedar are unchanged at 75% of green.

After a lengthy discussion on salvage timber values Mr. Lindstrand moved to approve Table S, and Mr. Weiland seconded. The motion passed unanimously.

c) **Table 1 – Miscellaneous Forest Products Harvest Values**

Mr. Leonhardt opened discussion of Table 1. Mr. Doyich discussed conditions leading to values recommended for Table 1, Miscellaneous Forest Products. Due to a lack in supply, both large and small Douglas-fir Poles are up, $40 and $20 per thousand, respectively. The Small Saw Log Miscellaneous (SSM) category is down $20 per thousand board feet (MBF) and the Miscellaneous Conifer Category dropped $30 per MBF. Mr. Lindstrand requested an explanation for the drop in the SSM category, which Mr. Doyich provided. The motion to approve Table 1 by Mr. Lindstrand was seconded by Mr. Olhiser. The motion passed unanimously.

5. **Other Business**

a) **Modified Schedules**

Mr. Lindstrand requested information regarding the potential for a Modified schedule. After an extensive discussion between TAC members, Mr. Bob Rynearson and staff, the committee reached a consensus that the best option at this time is to wait for staff to obtain more data and re-visit the issue as early in 2021 as deemed necessary. The Chair instructed Timber Tax staff to contact him any time they feel they have sufficient data to support modified schedules, and he would then call for a special meeting of the TAC.

b) **Staffing**

Mr. Dias requested information about where the department is regarding recruitment for the open associate forest property appraiser position. Mr. Dahlen replied that it is still an on-going process. The last recruitment yielded only one applicant who did not have a valid Registered Professional Forester (RPF) license. Mr. Diaz informed the committee that the RPF exam would be given soon and that by January 2021, there would be a number of new RPFs that could be good potential candidates looking for employment. After recommendations and an offer to assist in getting the word out from Mr. Dias, it was agreed that the job will be re-advertised again in early February 2021.
6. New Business

Mr. Leonhardt scheduled the next TAC meeting for Thursday, May 13, 2021, at 10:00 a.m. The meeting was adjourned by Mr. Leonhardt at 12:02 p.m.