

# FACT SHEET

No. 6

## Timber & Timber Harvesting in West Virginia

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### Value of West Virginia Timberland for Growing Trees

Throughout history, West Virginia timberlands have been purchased, timbered and developed for other uses, or have been set aside as parks, state or federal forests, corps of engineers properties and so forth. At times, timber taxes have been confiscatory, resulting in timberlands being sold at “fire sale” prices.

In 1982, the Property Tax Limitation and Homestead Exemption amendment to the State Constitution, established that all properties in the state be reappraised by the spring of 1985. This was to be followed by a ten-year phase-in of the new values. In 1983, the West Virginia Legislature amended the State Code to give the Tax Commissioner specific directions. Included in the directions was a requirement that administrative regulations be prepared by the fall of 1983, for the various types of property including timberland.

The Tax Commissioner’s regulation stated that “the appraised value, market value, of timberland shall be determined on the basis of the potential of the timberland to produce future net income. The potential future net income is capitalized in order to determine the present value which is also the appraised value.”

The overall ability for an acre of timberland to produce wood depends on the quality of the soil and the site index, which is itself based on topographic and climactic features. Gross annual income per acre means the end-of-the-rotation income potential based upon yield, stumpage price and management costs. Maintenance costs include such things as inventory, boundary surveys, protection and professional assistance. For appraisal purposes, the Tax Commissioner uses annual reports prepared by the Division of Forestry. In order to minimize short-term fluctuations, a five-year moving average is used. In other words, as each current year is added, the oldest year in the average is removed.

Three timberland productivity classes are used in developing the appraisals. Class 1 (excellent to very good) has a site index of at least 75 or more and produces at least 14.5 MBF per 80 years. Class 2 (which is good to fair) has a site index of 65 to 74 and

averages 9.7 MBF. Class 3 (which is poor) has a site index of less than 65 and the yield per acres is about 1.5 MBF.

It should be kept in mind that this procedure does not appraise standing timber. Instead, it values the land on which the timber grows. The Tax Commissioner distributes the average appraised values for the three managed timberland classes to the county assessors, who are mandated to use the values in appraising managed timberlands.

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