

WEST VIRGINIA PROPERTY TAXES ON TIMBERLAND

For purposes of ad valorem property taxes in West Virginia, property is divided into four classes:

- Class I • tangible personal property used in agriculture
 - products of agriculture owned by the producer
 - notes, bonds, bills, accounts receivable, stocks, and other intangible property
- Class II • property owned, used, and occupied by the owner exclusively for residential purposes
 - all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants
- Class III • All property not in Class I or Class II and located outside of municipalities, including timberland not used for residential purposes and portions of farms upon which timber has been sold for commercial purposes
- Class IV • All property not in Class I or Class II and located inside of municipalities, including timberland not used for residential purposes and portions of farms upon which timber has been sold for commercial purposes

The tax rates for each class follow numerical order, with Class I having the lowest tax rate and Class IV having the highest. The tax rates vary from county to county and from city to city.

Timberland can be taxed in Classes II, III, or IV. When timber is not produced but remains part of a residential property or farm, the Class II rates may apply. Depending upon whether the property is located within a municipality, the higher rates of Classes III and IV apply when the timber is produced or harvested, since in this case, the property is no longer used exclusively for residential or farm purposes.

The appraised value of timberland generally is determined by utilizing market comparables derived using sale prices of comparable properties. This is done by the county assessor, and more than one value may be established per county for Class III timberland.

Owners of timberland in excess of 10 acres can enter into an agreement with the W. Va. Division of Forestry and obtain Managed Timberland status for the property. Recognizing the value of this renewable resource on the state's economy, the W. Va. Legislature enacted a law to provide a tax incentive to timberland owners for actively managing their properties.

Under this program, the Class II, Class III, or Class IV tax rates still apply to the property, but the timberland property sometimes receives a lower appraised value than other Class II, Class III, or Class IV timberland. The appraised value of Managed Timberland is determined by a statewide formula that includes, among other items, current average stumpage prices and the property's productivity (or its potential to produce timber crops). Currently in some counties, the appraised value of Class II, Class III, or Class IV timberland is actually lower than the appraised value determined using the formula under the Managed Timberland program. In this case, it may not be in the landowner's interest, from a property tax perspective, to apply for Managed Timberland status.

Landowners should contact the local assessor for more information.

Paul G. Papadopoulos
Robinson & McElwee
Charleston, West Virginia

PREPARED JUNE 1996 BY:

Timothy L. Pahl
Appalachian Hardwood Center
West Virginia University
Morgantown, West Virginia

UPDATED AUGUST 1998 BY: Richard K. Waybright, West Virginia Forestry Association, Ripley, W. Va.