

NRM

NATURAL RESOURCES MANAGEMENT

CORPORATION

1434 Third Street Eureka CA 95501

CLIENT NAME
CLIENT ADDRESS
CITY, STATE, ZIP



Thank You for Your Business.



NRM Celebrates 36 Years of Service

Natural Resources Management Corporation (NRM) was established in 1970 in Eureka, California. For the past 36 years, NRM has provided forestry and environmental consulting services. Our current president, William (Bill) Dann, has been with NRM since 1971. NRM is an employee-owned corporation with the current owners being employed with NRM for the past 12-35 years. Please see our website for an overview and related links at www.nrmcorp.com.

CORPORATE OFFICERS:

WILLIAM DANN - *PRESIDENT*
BOB KELLEY - *VICE PRESIDENT*
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SERVICE DIVISIONS:

FORESTRY • APPRAISALS • INVENTORIES • FORESTLAND MANAGEMENT
TIMBER HARVEST PLANS • DUE DILIGENCE INVESTIGATIONS
ENVIRONMENTAL SERVICES:
WILDLIFE, BOTANY, GEOLOGY, HYDROLOGY,
GIS/MAPPING, FISHERIES, NEPA / CEQA

THE FOLLOWING ARTICLES ARE PROVIDED BY NRM.

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Feature Articles

Exclusions from Reappraisal

Thanks to State Constitutional Amendments brought about by Propositions 60, 90, and 110, certain home buyers are exempt from property taxes associated with the new home's appraisal value. Normally, when one sells their home and buys another, they are subject to property taxes based on the market value of the new home, which can be considerably more than those of the sold home. Many home owners bought their property long before the real estate boom in California and have not since purchased a new home which usually requires an appraisal and property tax assessment. So, buying a new home can be a rude awakening, unless you are within this exempted class and savvy enough to take advantage of the exemption.

Propositions 60, 90, and 110 created the exemption whereby if:
(1) your previous home and your new home are within the same

County or within two Counties that honor "inter-County base year value transfers"; (2) the seller or spouse who resides with the seller is at least 55 years of age, or if the seller is severely or permanently disabled; (3) the seller is exempt from sales income tax by Homeowners or Disabled Veterans Exemption; (4) the new home is of equal or lesser value than the original home (current valuations); (5) the new home is purchased within two years of selling the original home; (6) the home buyer applies to the County Assessor for exemption within three years of purchasing or completing construction of the new home; and (7)



there are no other exemptions to reappraisal operating on the purchase of the new home. Regarding number "1" above, presently, only the following Counties honor inter-County base

year value transfers: Alameda, Los Angeles, Orange, San Diego, San Mateo, Santa Clara, and Ventura.

Those who are planning to sell, or have within the last three years, sold and bought a primary residence, should consider whether they qualify and the potential savings of transferring to a new home the appraisal value that the selling home's property taxes were based upon. For additional information on Props 60, 90, and 110, call the State Technical Assistance in Sacramento at (916) 445-4982 and ask about Property Appraisal Exemptions.

A fourth State Constitutional amendment brought about by Proposition 58, excludes reappraisal of another qualifying group, whereupon the transfer of real property from parents to their legitimate children up to the value of \$1 million is excluded from reappraisal. This applies to grandparents and children if the parents are deceased. The transfer cannot be made between legal entities, such as partnerships or trusts, etc. Children may include a step-child or in-law at the time of transfer. To qualify, a claim to the County Assessor's Office must be made by the earliest of: (1) three years from the transfer; (2) prior to transfer to a third party; or (3) within six months of supplemental tax or escape tax notification.



What is Timber Yield Tax?

Timber yield tax is a tax based on the assessed value of timber at the time of harvest. Timber yield tax is calculated using a current tax rate (presently this rate is 2.9%) times the net merchantable volume of timber you harvested, times a value corresponding to the type of timber from an established schedule set by the State Board of Equalization called a *stumpage value*. Roughly speaking, the calculation follows this formula:

$$[2.9\% \times \text{Volume} \times \text{Stumpage Value}]$$

Volumes are generally reported as Scribner short log scale, but this can vary depending on the product.

The stumpage value is adjusted or credited by certain conditions, such as if the harvest is a relatively small volume or if a more cumbersome method of harvesting is employed, such as helicopter or skyline logging.

The stumpage value is determined for various regions of the state and updated every six months by the Board of Equalization based upon the previous six month's market value of each type of timber. Regions are called "Timber Value Areas" and generally follow County lines with a few exceptions in Shasta, Siskiyou, Tehama and Trinity Counties. While the values rarely change dramatically, harvesters would want to watch these values to predict the timber yield tax on their anticipated harvests. The "Harvest Value Schedule" is online at <http://www.boe.ca.gov/proptaxes/timbertax.htm> or by calling the Board at 1-800-400-7115 to request a schedule or any related information.

Timber Owners are given a Timber Harvest Account by the Board of Equalization whenever the California Dept. of Forestry (CDF) or a federal agency approves a harvesting plan. Account holders normally will receive quarterly tax return forms and must pay taxes

within one month following the quarter in which the harvest was made. The timber tax account stays open until the account holder elects to close it. Notably, a harvest tax return must be filed after every quarter even if there was no harvest and no corresponding tax due. For those who do not harvest regularly, they may elect on their tax return to close their harvest account between harvests to avoid the nuisance of quarterly filings when there is nothing to report.

Timber yield tax benefits California's counties, cities, schools, and special districts with a recent distribution as follows: 18% to counties, 11% to cities, 53% to school districts and colleges, and 18% to special districts (e.g., water, fire and community services). Unfortunately, timber yield tax is separate and above State sales and income taxes. It may be helpful to know, however, that timber yield tax is not passed on with the land, but attaches to the individual harvester.



What is a TMDL?

People following state water quality regulations have heard the terms, "TMDL", "impairment", and "load allocation". TMDL stands for Total Maximum Daily Load and it is a maximum limit that an undesirable quality can be contributed to a particular water body. TMDL has become the common term for a relatively new regulatory system for protecting the *beneficial uses* of the nation's water bodies. The term originates from the Federal Clean Water Act, which designates to the State the enforcement and monitoring of water bodies identified as "impaired" (do not meet regional water quality standards). The impairment can be a characteristic like temperature, or turbidity, or lack of oxygen, or it can be a nutrient or pollutant.

The State designates regional Water Quality Control Boards to regulate water quality through individual "Basin Plans" (California Water Code Section 13240). Basin Plans are similar to an agreement between the State and the residents that affect the water quality. Load allocation is a term often used to refer to a limit upon home or business residents of a contributing factor to the undesired water condition like a discharge, or warm water source, for example. In the challenge to reduce pollution sources, the Water Quality Board's policies have attempted to incorporate target maximums, which at times have been seen as ambiguous, or reflect a drive to re-establish conditions that existed in the early 1900's and before the industrial movement altered environmental conditions of streams, lakes and ground water.

If you have any questions regarding water quality issues or where to get a copy of the Basin Plan for your region, please call us and ask for Debbie Duckworth. NRM will include a follow-up article discussing water quality again in our next flyer. If you have any questions or would like to see something specifically addressed in the next issue, please call us at (707) 442-1735. Since 1970, NRM has been conducting timberland, watershed, and resource management. NRM's entire staff is available for free consultations.
