

GUIDE TO DETERMINING STUMPAGE VALUE
IN ACCORDANCE WITH RSA 79 NEW HAMPSHIRE TIMBER TAX
(SEE RSA 79:1 III "STUMPAGE VALUE")

Available at www.state.nh.us/revenue

The following is a guide to assist municipalities in assessing stumpage value and to assist owners in providing supporting evidence to municipalities when proving the reasonableness of a claim of excessive stumpage value assessment. The burden of proof is upon the owner to demonstrate the reasonableness of a claim. The assessing officials are charged to assess the full and true stumpage value at the time of cutting in the same manner as other property values pursuant to RSA 75:1.

When assessing the value of wood and timber, the following factors should be considered.

1. Value is based on the most probable price that would be paid, not the average, highest or lowest price.
2. Value recognizes both the highest and best use of the wood and timber.
3. Value is expressed in terms of money.
4. Value recognizes that the timber was exposed to the open market for a reasonable time.
5. Value recognizes that both buyer and seller are informed of the uses to which the wood and timber may be used.
6. Value assumes an arm's length transaction in the open market. In other words there is no special relationship or collusion between the buyer and seller.
7. Value assumes a willing buyer and willing seller, with no advantage being taken by either party.

The assessing officials shall take into consideration the quality and location of the timber, the size of the sale, and any other factors necessary to harvest the wood or timber that affect the value of timber being cut. Assessing officials shall consider stumpage prices paid, allowing for costs incurred by the owner to improve access, thus increasing the price paid, i.e., road costs. Only costs, which are necessary and reasonable for the access and removal of stumpage, can be considered. Furthermore, some costs such as road improvement, should be prorated over the entire volume of wood favored by the cost. If only a portion of the wood is being cut, which was accessed by the construction of a road, than only that portion of the cost of the road can be charged against the cutting operation during that year. Costs created by constraints within a timber sale contract which limit operating beyond Federal, State and local requirements and which are not necessary, i.e., specific logging equipment, aesthetic concerns, cannot be charged against the operation.

The assessing officials shall consider the stumpage price paid for standing timber when reviewing a claim of over assessment. If the assessing officials disagree that the price paid is an accurate indication of assessed value, then they must inspect the property and assess in accordance with RSA 79:1

The owner, to support a claim for abatement to the assessing officials, may submit the following evidence:

1. Competitive Bid Results.
2. Timber Sales Contract.
3. Costs incurred to access and remove timber.
4. Timber inventory of wood lot (for the prorating of road costs).
5. Map showing road locations.
6. Comparative, competitive bid results during the same time period of the cutting operation being assessed indicating prices paid for similar wood or timber.
7. Payment received for harvested timber at purchasing mill, deducting expenses to truck, yard and cut. If actual costs are not known, representative operating cost may be used from the UNH Cooperative Extension Service Market Report, NH Timberland Owners' Timber Crier Newsletter or other current market information.
8. Road and landing construction costs incurred to access and remove the timber.
9. Timber sale contracts not a result of competitive bid may be a poor indication of full and true value. Incidental services received by the owner, rather than stumpage payment, must be considered.

Note: Actual numbers are needed. Reasons such as "taxes are too high" are not sufficient reasons for abatement. Optional costs to the Owner such as: professional fees, i.e., forester's fees or commissions, timber marking, sale layout and supervision, are considered to be an option of the Owner and are not necessary to harvest the wood or timber, therefore should not be considered when assessing stumpage values.

The following is one practical approach towns may use to assess timber that attempts to satisfy the need to obtain factual information regarding the location of the timber, quality of the timber, and the size of the cutting operation:

Timber Quality: Height, Diameter, Defect {0 Poor 1 Average 2 Good}

Timber Location: Legal restrictions to access, distance to maintained public road and physical geography {0 Poor 1 Average 2 Good}

Timber Sale Size: Acreage of lot and volume per acre {0 Small 1 Medium 2 Large}

Example: If the White Pine Stumpage DRA range is \$80-\$180/MBF and the quality, location and size of sale are average, poor and large respectively. The calculated scale would be 1 for quality, 0 for location and 2 for size of sale, for a total of 3 out of a maximum possible of 6 or 50%. 50% of the difference (\$100) between \$80 and \$180 is \$50 which, when added to the base of \$80 arrives at an assessment of \$130 per MBF for White Pine Stumpage with these specific attributes.

The Department of Revenue Administration will assist municipalities in proper assessing procedure for timber and in reviewing documentation submitted to demonstrate the reasonable- ness of a claim of timber value by an owner.

Owners may engage the services of a consultant forester or other professional to present a claim.

Appeal Process: (RSA 79:8)

If a taxpayer believes they have been overtaxed they must appeal to the Town within 90 days of the tax bill. If the Town denies the appeal then the taxpayer may appeal to the Board of Tax and Land Appeal (BTLA) within 6 months of the tax bill for an appeal board hearing. "The Guideline to Assessing Timber" is available from DRA to assist owners and towns in proper assessment of timber per NH timber tax law.