

STATE OF WEST VIRGINIA Department of Revenue State Tax Department



Joe Manchin III Governor Christopher G. Morris State Tax Commissioner

# ADMINISTRATIVE NOTICE 2010-12

# SUBJECT: Property Tax -- State Tax Commissioner's Statement for the Determination of the Capitalization Rates for Managed Timberland for Property Tax Purposes for Tax Year 2010, Pursuant to § 110 CSR 1H-12.

On May 1, 1999, the Legislative Rule for the appraisal of managed timberland properties (See § 110 CSR 1H) became effective. This notice will address one of the valuation variables, the capitalization rate, setting forth the generally accepted appraisal procedures used in developing the respective rates and in applying the rates to income streams generated by managed timberland properties. To this end, this notice will discuss development of capitalization rates for managed timberland.

# DISCUSSION

The International Association of Assessing Officers text *Property Appraisal and Assessment Administration*, 1990, defines a capitalization rate as: "Any rate used to convert an estimate of income to an estimate of market value; the ratio of net operating income to market value." In other words a rate used to convert an estimate of future income into an estimate of present value.

The average statewide capitalization rate (based on a 5-year weighted moving average of various components) for managed timberland is determined annually by the Tax Commissioner through the use of generally accepted methods of determining such rates. The rate is based on the assumption of a discounted cash flow model based upon harvest intervals reflected in Appendix 4 of § 110 CSR 1H.

Generally, there are three (3) components that must be considered and, if appropriate, developed and included in an overall capitalization rate. These components are: the discount component, the recapture component, and the property tax component. The development of the components is discussed in the Rule under Section § 110 CSR 1H-12.1. These are as follows:

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# DISCOUNT COMPONENT

The summation technique is used to develop a discount component of the capitalization rate. The five sub-components of the discount component are:

Safe Rate. -- The safe rate reflects a rate of return that an investor could expect on an investment of minimal risk. This rate is developed through weighted averages of interest rates offered on five-year United States Treasury Bills for the five years immediately preceding the appraisal date.

**Nonliquidity.** – The nonliquidity rate is developed through an annual review to determine a reasonable estimate of time that timberland, when exposed for sale, remains on the market before being sold. The time thus determined is used to identify United States Treasury Bills with similar time differentials in excess of thirteen-week Treasury Bills. The interest differential between these securities is used to represent the nonliquidity rate. For example, if it is determined that a tract of timberland remains on the market for an average of nine months (39 weeks) before being sold, the nonliquidity rate is derived by subtracting the rate on 13-week Treasury Bills from the rate on one-year Treasury Bills. This review considers the weighted average of these differences for a five-year period immediately preceding the appraisal date.

**Risk Rate.** -- The relative degree of risk of an investment in timberland is developed through an annual review of thirty-year United States Treasury Bills less five-year United States Treasury Bills. The review considers the weighted averages of debt and equity components of these differences for a five-year period immediately preceding the appraisal date.

**Management Rate.** -- The management rate represents the cost of managing the investment, not the cost of managing the timberland. Historically, the management rate has been one-half of one percent (0.5%); therefore, this rate is considered the industry standard for current applications.

**Inflation Rate (negative).** -- Nominal interest rates, including the "safe rate" mentioned above. are higher than real rates by an amount representing expectation of future inflation. Therefore, the capitalization rate must be a real rate, net of expectation of inflation. The inflation rate is established through a weighted average analysis of the most recent five calendar year's urban consumer price index as determined by the United States Department of Labor, Bureau of Labor Statistics.

In determining the discount component of the capitalization rate, the Tax Commissioner determines the sum of the safe rate, the nonliquidity rate, the risk rate, and the management rate, and deducts from this sum the inflation rate.

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## **RECAPTURE COMPONENT**

The discount component previously discussed provides an investor with a rate of return-oninvestment (interest). The second capitalization rate component. recapture. provides the investor with a return-of-investment principal (i.e.: provides an estimate of return necessary for the investor to recover the principal invested). Once a capitalization rate has been developed, the income series is discounted to present worth through selection of a multiplier(s). The multiplier has a built in factor for recapture thus removing the need to separately accommodate for recapture in the capitalization rate.

# PROPERTY TAX COMPONENT

The final component, property taxes, is derived for Class II, Class III, and Class IV properties by multiplying the assessment rate by the statewide average of tax rates on such classes of property.

## APPLICATION

The rates as developed above (and shown on attachments) are applied against the difference between future values of the harvest (at determined harvest intervals) less the future value of the management costs less a property tax adjustment for each class of property.

For more information concerning the development of capitalization rates for managed timberland properties see § 110 CSR 1H or contact the State Tax Department at (304) 558-3940.

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Christopher G. Morris State Tax Commissioner West Virginia State Tax Department

State Tax Department Property Tax Division P. O. Box 2389 Charleston, WV 25328-2389 Operator on Duty 8:30 am - 5:00 pm Monday through Friday Phone: (304) 558-3940 FAX: (304) 558-1843

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	Estimation	of Required	I Rate of F	eturn: Class	s III & IV	Blended	F
•	Safe Rate of Retu	ırn (5 Year T-Bill	Rate)				
	Year	Rate	W/A %	W/A Rate			
	2008	2.7983	33.33%	0.9328	- i		
	2007	4.4300	26.67%	1.1813			
	2006	4.7450	20.00%	0.9490			1
	2005	4.0458	13.33%	0.5394		2 821	v
	2004	3.4290	0.07%	0.2265		3,631	70
	Nonliquidity Rat	ie.					1
	(12 Month T-Bills vs	3 Month T-Bills)			1		
	Year	Rate	W/A %	W/A Rate	1		
	2008	0.4308	33 33%	0.1436			
	2007	0.0500	26.67%	0.0133	1		l
	2006	0.0845	20.00%	0.0169			
	2005	0.4050	13.33%	0.0540			
	2004	0.4920	6.67%	0.0328		0.261	%
	Risk Rate (30 y	r T-bills vs 5 yr	T-bills)*				
	Year	Rate	WIA %	W/A Rate			
	2008	1.4808	33.33%	0.4936			
	2007	0.4092	26.57%	0.1091			
	2005	0.6070	20.00%	0.1214			
	2005	0.000	13 238	0.1213			
	2005	0.0000	13.3370	0.0000			
	2004	1.6180	6.67%	0.1079		0.912	*
	2004 Management Fa	1.6180 actor	6.67%	0.1079		0.912	% %
	2004 Management Fa	1.6180 Ictor	6.67%	0.1079		0.912 0.500	%
	2004 Management Fa <u>Property Tax Co</u> (60% of Class III & 1	1.6180 actor omponent V Blended Bate)	6.67%	0.1079		0.912 0.500	%
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I Year	1.6180 actor omponent V Blended Rate) Rate	6.67% W/A %	0.1079 W/A Rate		0.912	% %
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I Year 2008	1.6180 actor omponent V Blended Rate) Rate 1.296	6.67% W/A % 33.33%	0.1079 W/A Rate 0.4320		0.912	% %
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I <u>Year</u> 2008 2007	1.6180 actor omponent V Blended Rate) Rate 1.296 1.302	6.67% W/A % 33.33% 26.67%	0.1079 W/A Rate 0.4320 0.3472		0.912	%
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I <u>Year</u> 2008 2007	1.6180 Actor Demponent V Blended Rate) Rate 1.296 1.302	6.67% W/A % 33.33% 26.67% 20.02%	0.1079 W/A Rate 0.4320 0.3472 0.2552		0.912	**
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I <u>Year</u> 2008 2007 2006	1.6180 actor pmponent V Blended Rate) Rate 1.296 1.302 1.325	6.67% W/A % 33.33% 26.67% 20.00%	0.1079 W/A Rate 0.4320 0.3472 0.2652		0.912	**
	2004 Management Fa <u>Property Tax Cc</u> (60% of Class III & I <u>Year</u> 2008 2007 2006 2005	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.344	6.67% W/A % 33.33% 26.67% 20.00% 13.33%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792		0.912	**
	2004 Management Fa Property Tax Cc (60% of Class III & I Year 2008 2007 2006 2005 2004	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904		0.912	% %
•	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate:	1.6180	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904		0.912	% %
	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate: (Bureau of Labor St	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356 atlistics)	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904		0.912	% %
	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate: (Sureau of Labor St: Year	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356 allistics) <u>Rate</u>	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A %	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate		0.912	% %
	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate: (Eureau of Labor St: Year 2008	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356 allistics) <u>Rate</u> 0.100	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 13.33%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133		0.912	%
	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate: (Bureau of Labor St: Year 2008 2007	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356 allistics) <u>Rate</u> 0.100 4.100	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 13.33% 6.67%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735		0.912	% %
	2004 Management Fa <u>Property Tax Co</u> (60% of Class III & I <u>Year</u> 2008 2007 2006 2005 2004 <u>Inflation Rate:</u> (Bureau of Labor St: <u>Year</u> 2008 2007 2008	1.6180	W/A %         33.33%         26.67%         20.00%         13.33%         6.67%         W/A %         13.33%         6.67%         33.33%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333		0.912	%
	2004 Management Fa <u>Property Tax Co</u> (60% of Class III & I <u>Year</u> 2008 2007 2006 2005 2004 <u>Inflation Rate:</u> (Bureau of Labor St: <u>Year</u> 2008 2007 2008 2007 2008	1.6180	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% 13.33% 6.67% 33.33% 20.00%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333 0.6800		0.912	% %
	2004 Management Fa <u>Property Tax Co</u> (50% of Class III & I <u>Year</u> 2008 2007 2006 2005 2004 <u>Inflation Rate:</u> (Eureau of Labor Str <u>Year</u> 2008 2007 2006 2007 2006 2005 2004	1.6180	6.67%         W/A %         33.33%         26.67%         20.00%         13.33%         6.67%         W/A %         13.33%         6.67%         33.33%         20.00%         25.57%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801		0.912	% %
	2004 Management Fa <u>Property Tax Co</u> (60% of Class III & I <u>Year</u> 2008 2007 2006 2005 2004 <u>Inflation Rate:</u> (Bureau of Labor St: <u>Year</u> 2008 2007 2006 2007 2006 2007 2006 2007 2006 2007 2006 2007 2006 2007 2008 2004	1.6180 actor <u>omponent</u> V Blended Rate) <u>Rate</u> 1.296 1.302 1.326 1.326 1.344 1.356 atistics) <u>Rate</u> 0.100 4.100 2.500 3.400 3.300 ED RATE OF R	W/A %         33.33%         26.67%         20.00%         13.33%         6.67%         W/A %         13.33%         6.67%         33.33%         20.00%         25.57%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801 L)		0.912 0.500 1.314 (2.680)	% % % %
	2004 Management Fa Property Tax Co (60% of Class III & I Year 2008 2007 2006 2005 2004 Inflation Rate: (Bureau of Labor St: Year 2008 2007 2006 2007 2006 2007 2006 2005 2004 TOTAL REQUIR	1.6180	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% 33.33% 6.67% 33.33% 20.00% 26.57% EETURN (REA	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801 L)		0.912 0.500 (2.680) 4.138 (1.314)	% % % %
	2004 Management Fa <u>Property Tax Co</u> (60% of Class III & I <u>Year</u> 2008 2007 2006 2005 2004 <u>Inflation Rate:</u> (Eureau of Labor St: <u>Year</u> 2008 2007 2006 2005 2004 TOTAL REQUIR LESS: PROPER	1.6180	6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% 33.33% 6.67% 33.33% 20.00% 26.57% ETURN (REA 20.00%) 26.57%	0.1079 W/A Rate 0.4320 0.3472 0.2652 0.1792 0.0904 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801 L)		0.912 0.500 (2.680) 4.138 (1.314)	54 56 56 56 56 56 56 56 56 56 56 56 56 56

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#### 2008 Stumpage Prices:

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		<u>Sawtimber</u>	Pulpwood		
Stumpage Price Adjustment Factor		-0.28%	0.00%		
		0.9055	0.8815	0.8571	0.7991
SAWTIMBER	Current	\$/MBF at age	\$/MBF at age	S/MBF at age	\$/MBF at age
Region	\$/MBF	35	45		80
Region 1	250.15	226.77	220.50	214.40	199.88
Region 2	207.21	187.84	182.65	177.60	165.58
Region 3	28 <b>3.22</b>	256.75	249.65	242.75	226.31
Region 4	224.68	293.86	198.22	192.74	179.69
Region 5	198.39	179.85	174.87	170.04	158.53
		1.0000	1.0000	1.0000	1.0000
PULPWOOD:		\$/cd at age	\$/cd at age	\$/cd at age	\$/cd at age
Region	\$/Cord	35	45	55	80
Region 1	5.81	5.81	5,81	5.81	5,81
Region 2	7.56	7.56	7.56	7.56	7.56
Region 3	5.12	6.12	6.12	6.12	6.12
Region 4	6.14	6.14	6.14	6.14	6.14
Region 5	6.97	6.97	£_97	6.97	6.97

#### Management Costs:

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Region	\$/acre (1)
1	3.15
2	3.15
3	3.15
4	3.15
5	3.15
State	

#### Tax Rates:

Effective Federal Income Tax Rate	<u>35.00%</u>
Effective WV State Income Tax Rate (6.59	6 * (135)) <u>4.23%</u>
Effective WV Severance Tax Rate (4.0%	6 • (135) <u>2.60%</u>

# Yield (Volumes) (80 year rotation)

Productivity Grades	Site Index	Yield - MBF	Yleid -	rleid - Cards	
Grade I	75 or more	1	4.5	10.5	
Grade II	65-74		9.7	14.9	
Grade III	less than 65		4.5	18.5	

Estimatio		ageu min	Jenanu Statis	105	
	n of Required	d Rate of F	Return: Class	II Rates	
. • Safe Rate of R	eturn (5 Year T-Bil	l Rate)			
Year	Rate	W/A %	W/A Rate		
2008	2.7980	33.33%	0.9327		
2007	4.4300	25.67%	1,1813		
2006	4.7450	20.00%	0.9490		
2005 2004	4.0458 3.4290	13.33% 6.67%	0.5394 0.2286	3.831	%
2001		0.017			,,
Nonliquidity l	Rate				
(12 Month T-Bills	vs. 3 Month T-Bills)				
Year	Rato	W/A %	W/A Rate		
2008	0.4308	33.33%	. 0.1436		
2007	0.0500	26.67%	0.0133		
2005	0.0640	20.00%	0.0109		
2003	0.4920	6.67%	0.0328	0.261	%
Diele Dete (2)		· T 1= (())#			
KISK KALE (SU	yr i-Dills vs 5 yr Rate	M/A %	W/A Rate		
2009	1 4800	33 33%	0 4022		
2008	1.4000	33.33 A	0.4933		
2007	0.4054	25.67%	0.1089		
2006	0.6070	20.00%	0.1214		
2005	0.6000	13.33%	0.0800		
2004	1.5180	6.67%	0.1079	0.912	%
Management	Factor			0.500	%
Management Property Tay	Factor			0.500	%
Management <u>Property Tax</u> (60% of Class II i	Factor <u>Component</u> Rate)			0.500	%
Management <u>Property Tax</u> (60% of Class II i Year	Factor <u>Component</u> Rate Rate	W/A %	W/A Rate	0.500	%
Management <u>Property Tax</u> (60% of Class II i <u>Year</u> 2008	Factor Component Rate) Rate 0.696	W/A %	W/A Rate0.2320	0.500	%
Management <u>Property Tax</u> (60% of Class II <u>Year</u> 2008 2007	Factor Component Rate) Rate 0.696 0.768	W/A % 33.33% 25.67%	W/A Rate 0.2320 0.1888	0.500	%
Management <u>Property Tax</u> (60% of Class II Year 2008 2007 2006	Factor Component Rate) Rate 0.696 0.768 0.726	W/A % 33.33% 25.67% 20.00%	W/A Rate 0.2320 0.1888 0.1452	0.500	%
Management <u>Property Tax</u> (60% of Class II i Year 2008 2007 2006 2005	Factor <u>Component</u> Rate) <u>Rate</u> 0.696 0.768 0.726 0.738	W/A % 33.33% 25.67% 20.00% 13.33%	W/A Rate 0.2320 0.1888 0.1452 0.0984	0.500	%
Management <u>Property Tax</u> (60% of Class II I <u>Year</u> 2008 2007 2006 2005 2004	Factor <u>Component</u> Rate) <u>Rate</u> 0.696 0.768 0.726 0.738 0.744	W/A % 33.33% 25.67% 20.00% 13.33% 6.67%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496	0.500	%
Management <u>Property Tax</u> (60% of Class II i Year 2008 2007 2006 2005 2004	Factor <u>Component</u> Rate) 0.696 0.768 0.726 0.738 0.744	W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496	0.500 0.714	%
Management <u>Property Tax</u> (60% of Class II Year 2008 2007 2006 2005 2004 <u>Inflation Rate</u> (Bureau of Labor	Factor <u>Component</u> Rate) 0.696 0.708 0.726 0.738 0.744 : Statistics)	W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496	0.500 0.714	%
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Management Property Tax (60% of Class II Year 2008 2007 2006 2005 2004 Inflation Rate (Bureau of Labor Year 2008	Factor Component Rate) Rate 0.696 0.708 0.726 0.738 0.744 : Statistics) Rate 0.100	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 13.33%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496 W/A Rate 0.0133	0.500 0.714	%
Management Property Tax (60% of Class II Year 2008 2007 2006 2005 2004 Inflation Rate (Bureau of Labor Year 2008 2007	Factor <u>Component</u> Rate 0.696 0.708 0.726 0.738 0.744 <u>:</u> Statistics) <u>Rate</u> 0.100 4.100	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 13.33% 6.67%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496 W/A Rate 0.0133 0.2735	0.500 0.714	%
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Management <u>Property Tax</u> (60% of Class II i Year 2008 2007 2006 2005 2004 <u>Inflation Rate</u> (Bureau of Labor <u>Year</u> 2008 2007 2006 2007 2006 2005 2004	Factor Component Rate 0.696 0.768 0.768 0.726 0.738 0.744 Component Statistics) Rate 0.100 4.100 2.500 3.400 3.300	W/A %         33.33%         26.67%         20.00%         13.33%         6.67%         W/A %         13.33%         6.67%         33.33%         20.00%         26.67%	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801	0.500 0.714 (2.680)	%
Management Property Tax (60% of Class II i Year 2008 2007 2006 2005 2004 Inflation Rate (Bureau of Labor Year 2008 2007 2006 2007 2006 2007 2006 2007 2008 2007 2008 2007 2008 2007 2008 2007 2008 2007 2008 2007 2008 2007 2004 TOTAL REQU	Factor Component Rate 0.696 0.768 0.726 0.726 0.738 0.744  Statistics) Rate 0.100 4.100 2.500 3.400 3.300 IRED RATE OF R	W/A % 33.33% 25.67% 20.00% 13.33% 6.67% W/A % 13.33% 6.67% 33.33% 20.00% 26.67% ETURN (REA	W/A Rate 0.2320 0.1885 0.1452 0.0984 0.0496 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801	0.500 0.714 (2.680) 3.538	% %
Management Property Tax (60% of Class II i Year 2008 2007 2006 2005 2004 Inflation Rate (Bureau of Labor Year 2008 2007 2006 2007 2006 2007 2006 2007 2006 2007 2008 2007 2008 2007 2008 2007 2008 2007 2008 2007 2008 2007 2004 Inflation Rate (Bureau of Labor Year	Factor  Component Rate)  Rate  0.696 0.768 0.768 0.726 0.738 0.744  Statistics)  Rate  0.100 4.100 2.500 3.400 3.300  IRED RATE OF R ERTY TAX COMF	W/A % 33.33% 25.67% 20.00% 13.33% 6.67% W/A % 13.33% 6.67% 33.33% 20.00% 26.67% ETURN (REA ONENT	W/A Rate 0.2320 0.1888 0.1452 0.0984 0.0496 W/A Rate 0.0133 0.2735 0.8333 0.6800 0.8801	0.500 0.714 (2.680) 3.538 (0.714)	%

#### Stumpage Prices:

×.

			Sawtimber	Pulpwood		
Stumpage Price Adjustment F		actor	-0.28%	0.00%		
			0.9065	0.8815	0.8571	0.7991
SAWTIMBE	<u>R</u>	Current	\$/MBF at age	S/MBF at age	S/MBF at age	\$/k:BF at age
	Region	\$/MBF	35	45	55	80
	Region 1	250.15	226.77	220.50	214.40	199.88
	Region 2	207.21	187.84	182.65	177.60	165.58
	Region 3	283.22	256.75	249.65	242.75	226.31
	Region 4	224.88	203.86	198.22	192.74	179.69
	Region 5	198.39	179.85	174.87	170.04	158.53
			1.0000	1.0000	1.0000	1.0000
PULPWOOD	<u>):</u>		\$/cd at age	\$/cd at age	\$/cd at age	\$/cd at age
	Region	\$/Cord	35	45	5ō	80
	Region 1	5.81	5.81	5.81	5.81	5.81
	Region 2	7.56	7.55	7.56	7.56	7.56
	Region 3	6.12	6.12	6.12	6.12	6.12
	Region 4	6.14	6.14	6.14	6.14	ຈີ.14
	Region 5	6.97	6.97	6.97	6.97	6.97

# Management Costs:

Region	\$/acre (1)		
1	3.15		
2	3.15		
3	3.15		
4	3.15		
5	3.15		
State			

#### Tax Rates:

a	tes:	
	Effective Federal Income Tax Rate	35.00%
	Effective WV State Income Tax Rate (6.5% * (135))	4.23%
	Effective WV Severance Tax Rate (4.0%*(135)	<u>2.60%</u>

# Yield (Volumes) (80 year rotation)

Productivity Grades	Site index	Yield - MBF Yie		eld - Cords	
Grade I	75 or more		14.5	10.5	
Grade II	65-74		9.7	14.9	
Grade III	less than 65		4.5	18.5	