

# Current Use Values Reassessed for Forestland

By **STEVE NIX**, Resource Analyst, Alabama Forestry Commission

In 1982, Alabama's Legislature passed the Current Use Act, which defines four classes of taxable properties. The third class includes timberland. Class III properties encompass all "agricultural, forest and residential property, and historic buildings and sites" and presently qualify for current use status.

Current use valuation was designed to help landowners keep their lands in forest as opposed to converting land to meet the tax burden. This valuation system insulates timberland owners from urban sprawl, skyrocketing values and a potential forced sale.

According to Bill Bass, Property Tax Division Director for the Alabama Department of Revenue, "Current use application assumes that property such as timberland and farmland will produce income that can be capitalized to determine an actual land value of the property." You still must remember that your property can be assessed at market value as based on sales prices of similar properties. This will automatically happen if you do not request an appraisal at current use value from your county tax assessor's office.

## New Reassessment

There is a new reassessment of cur-

rent use values for timberland by the Alabama Department of Revenue. This annual adjustment in current use timberland value will change your tax obligation; the latest change was effective October 1, 2000.



Using a fixed formula set by law, new current use values for 2000 have recently been published in a news release issued by the Department of Revenue. The formula uses two fluctuating values: timber price and interest rates.

The price used in the legal formula, calculated by the Alabama Forestry Commission, is based on a weighted average pulpwood stumpage price in

Alabama for the previous calendar year. The interest rate is based on a 10-year rate average of new loans issued by the Farm Credit Bank of Texas. The loan rate is then reduced by 4.5 percent before it is used in the current formula.

Other factors used in the formula include timber productivity rates and an expense ratio, also specified by law. The Revenue Department says, "Each timberland property is assigned a productivity rate, ranging from 1.38 cords per acre per year to 'good' timberland to a low of .6 cords per acre per year for 'nonproductive' land. The expense ratio is fixed at 15 percent of the annual income from timber sales." The current use value is then calculated.

Using all these factors, the Alabama Department of Revenue has calculated current use values for the 2000 taxing year. The rates for each timberland value class are shown in the table below.

According to the Property Tax Division of the Alabama Department of Revenue, "In early October, the Alabama Department of Revenue notified county tax-assessing officials of changes in the current use values on timberland." This change will result in an eight-cent per acre increase in a county with an average millage rate of 41.5 mills. 📄

## New Current Use Values for Timberland

Good Timberland . . . . .	\$529 per acre . . . . .	up \$20 per acre over 1999
Average Timberland . . . . .	\$403 per acre . . . . .	up \$16 per acre over 1999
Poor Timberland . . . . .	\$288 per acre . . . . .	up \$11 per acre over 1999
Nonproductive Timberland . . . . .	\$230 per acre . . . . .	up \$9 per acre over 1999