

Timberland Property Tax in Texas

2024 Texas Timber Workshop
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GLENN HEGAR, TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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Outline

What is Timberland
Valuation?

Ways for Land to Qualify

Change in Use & Rollback

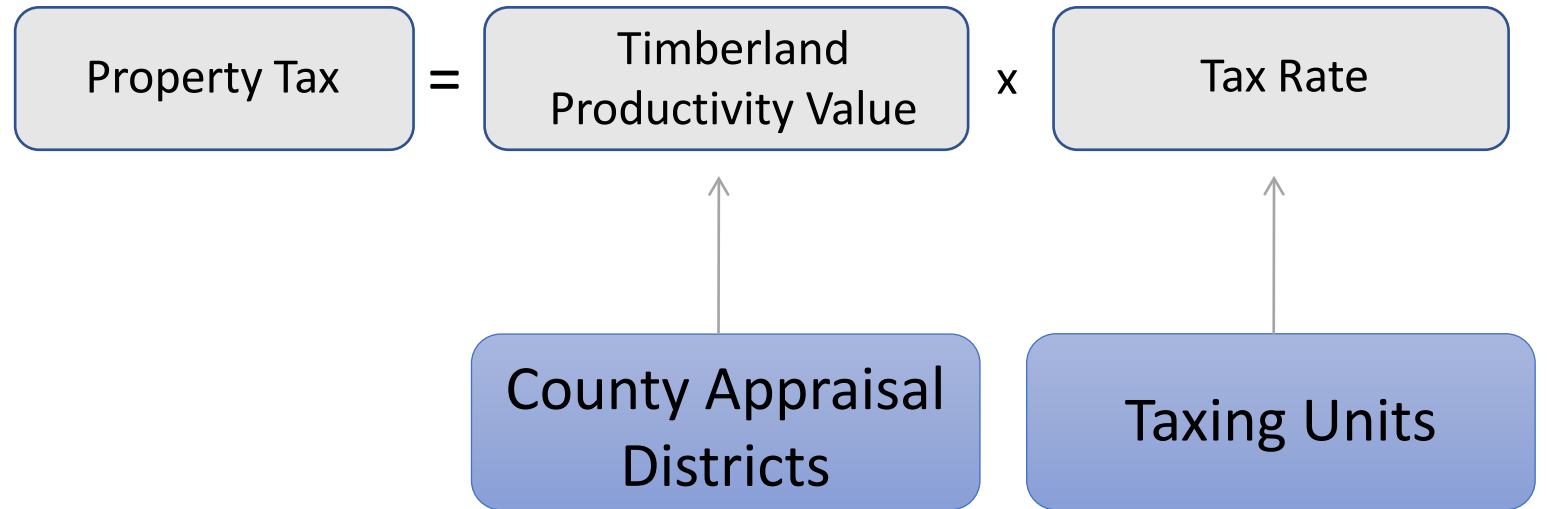
The 88th Legislative Session

What is Timberland Valuation?



Timberland Property Tax in Texas

- Ad valorem tax



Timberland Property Tax

Suppose a 10-acre pine tract is appraised at \$200/acre, and the tax rate set by the TA in the county is \$3 per \$100 value

Property tax =

$$\$200 \times 10 \text{ acres} \times 3/100 = \$60$$

Timberland Productivity Value

- “Equals the average annual net income a prudent manager could earn from growing timber over the 5-year period preceding the appraisal’s effective year, divided by a statutory capitalization rate”

- *Manual for the Appraisal of Timberland*

Timberland Productivity Value Years

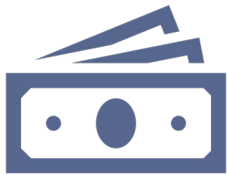
2024
Productivity
Value based on:

Years 2023
to 2019

2023
Productivity
Value based on:

Years 2022
to 2018

Timberland Property Tax



Local tax, not state tax



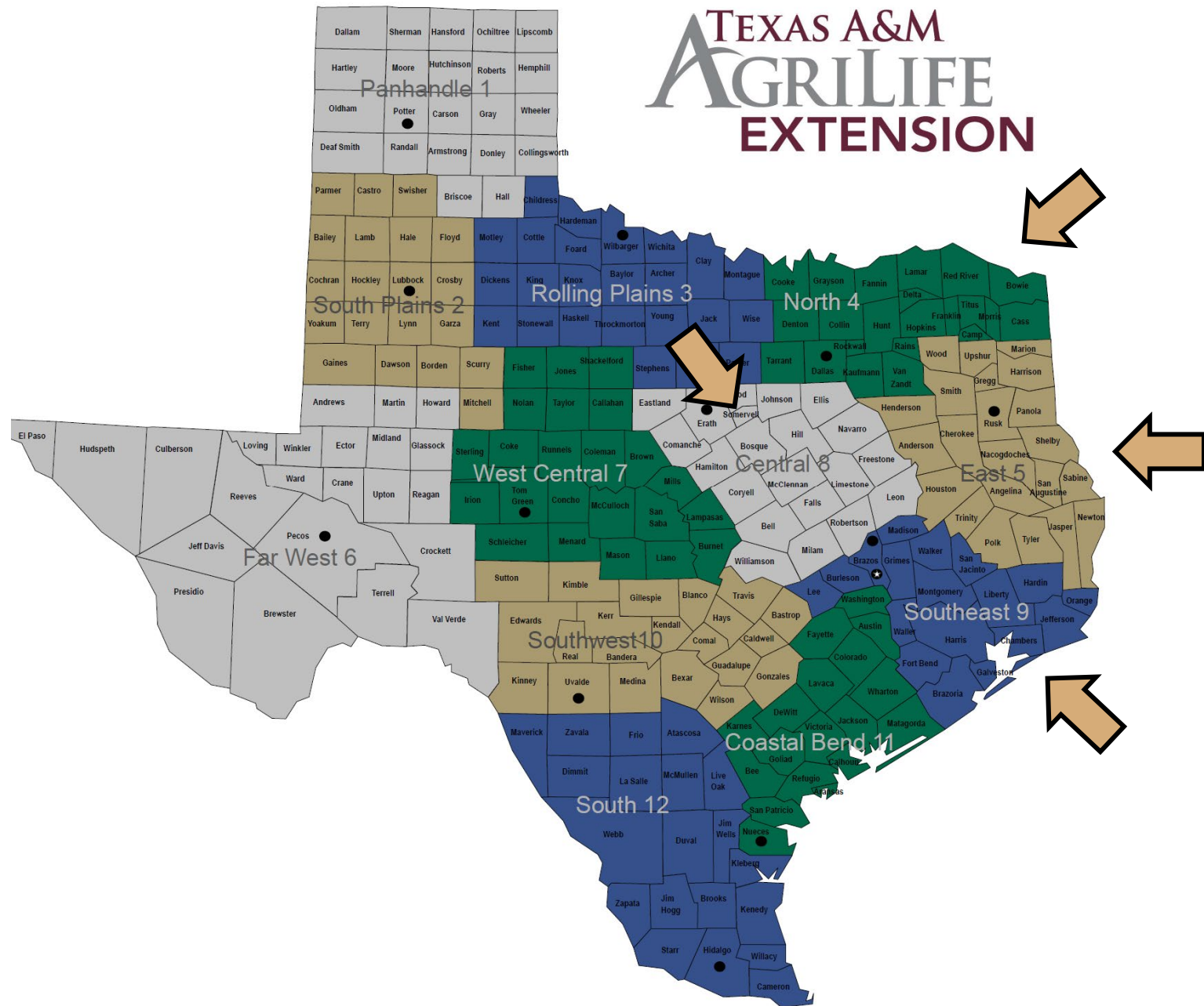
**Tax on timberland, not the
timber**



**Barns, sheds, etc. taxed at
market value**

Land beneath them taxed at
productive value IF used for
production

Regions for Appraisal



43 East Texas Counties



Overall Timberland Property Groups

Subchapter D:

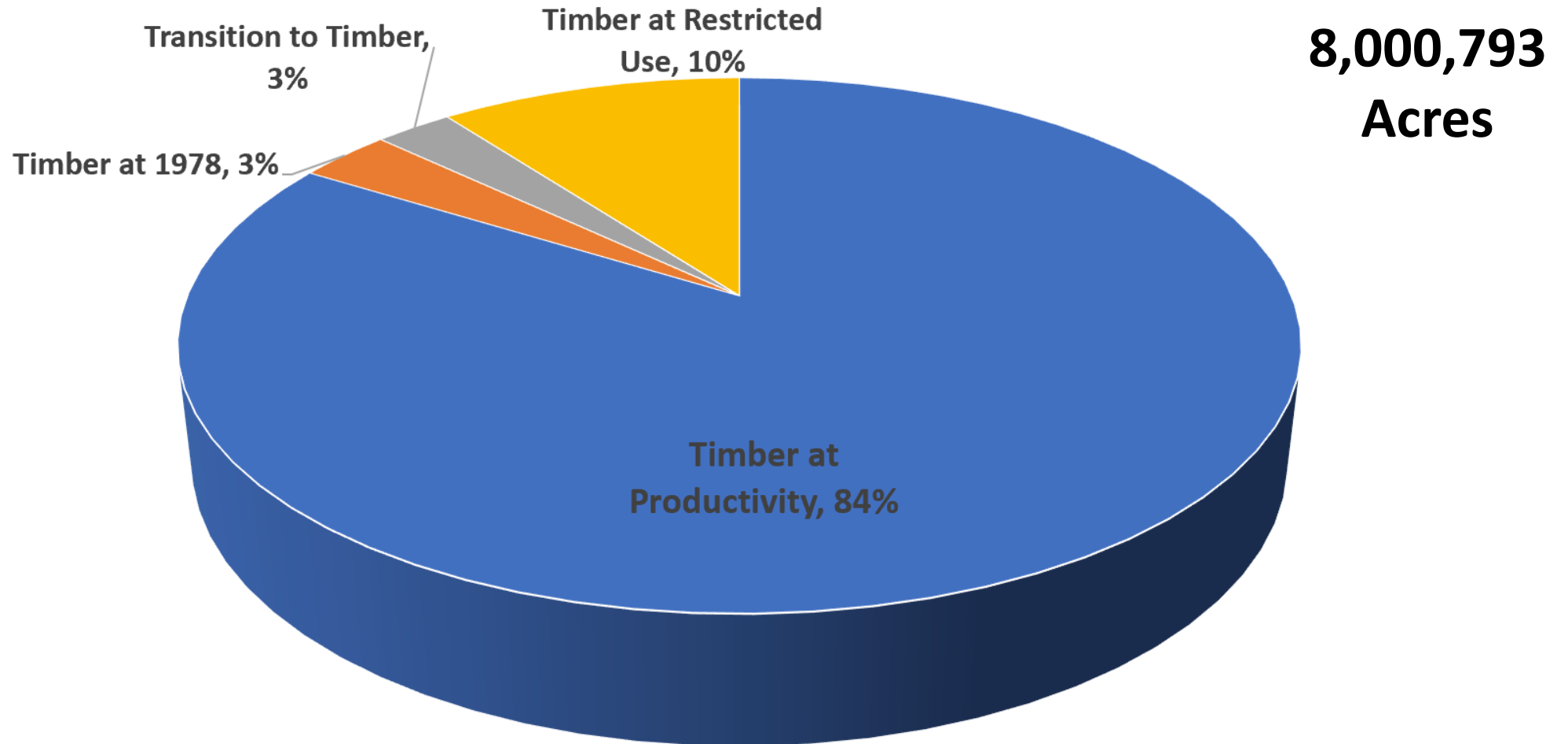
- Timberland in Transition (§23.59)

Subchapter E:

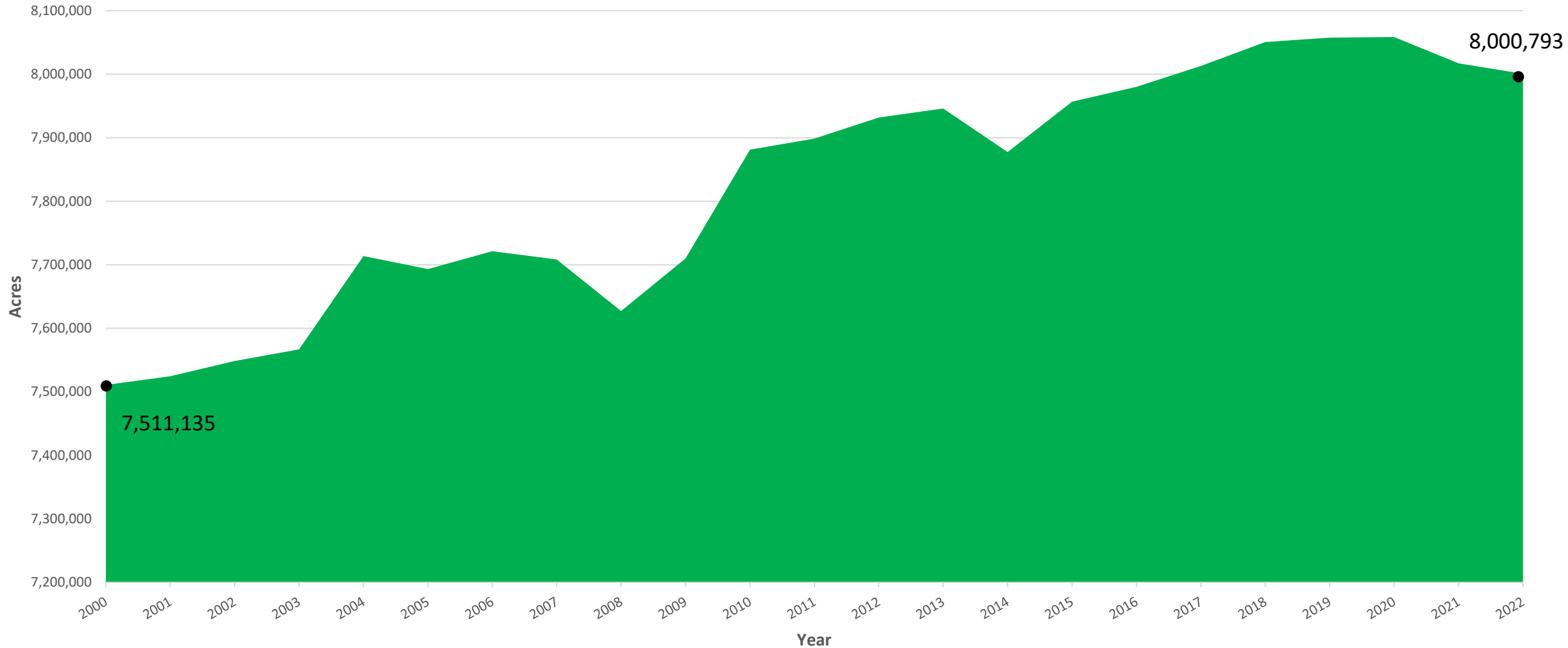
- Timberland at Productivity
- Timber at 1978 (§23.78)

Subchapter H: Restricted-Use Timberland

Timberland in Texas - 2022

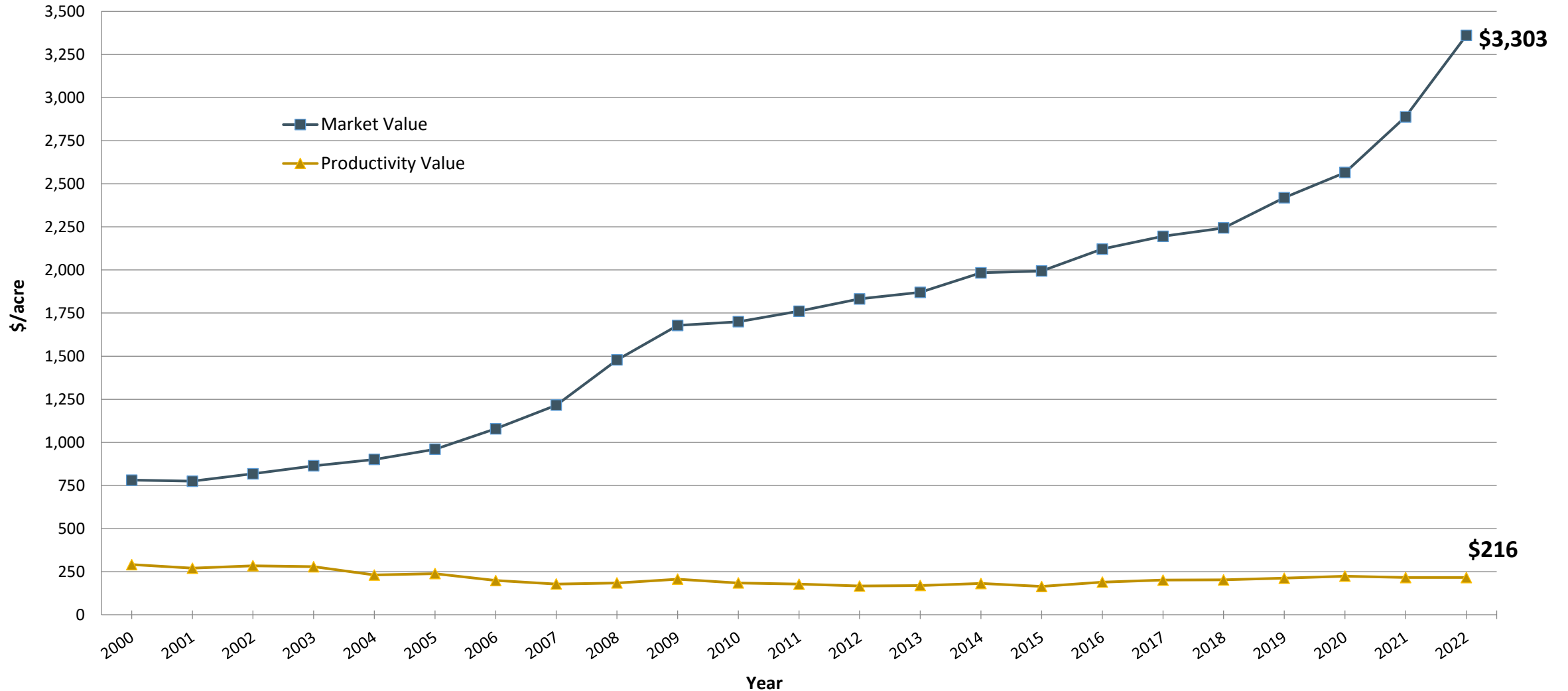


Total Timber Acres in Texas



Market Value vs. Productivity Value

for Timberland at Productivity





Ways for Land to Qualify

Timberland Valuation

Timberland in Transition (§23.59)

- Subchapter D

Timberland at Productivity

Timber at 1978 (§23.78)

- Subchapter E

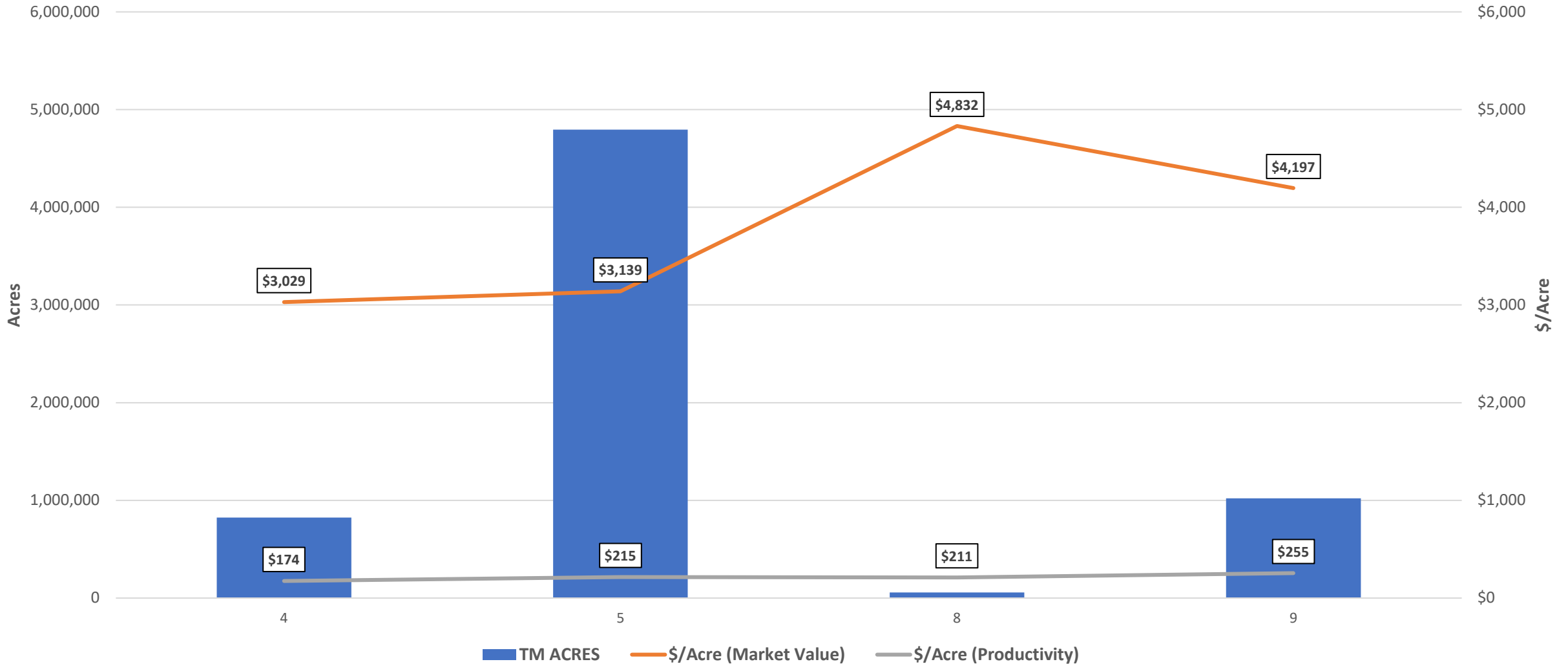
Restricted-Use Timberland

- Subchapter H

Timber at Productivity



Timber at Productivity by TAES Region (2022)



Timberland Productivity Value

TIMBERLAND VALUE DIFFERS BY FOREST TYPE AND SOIL TYPE

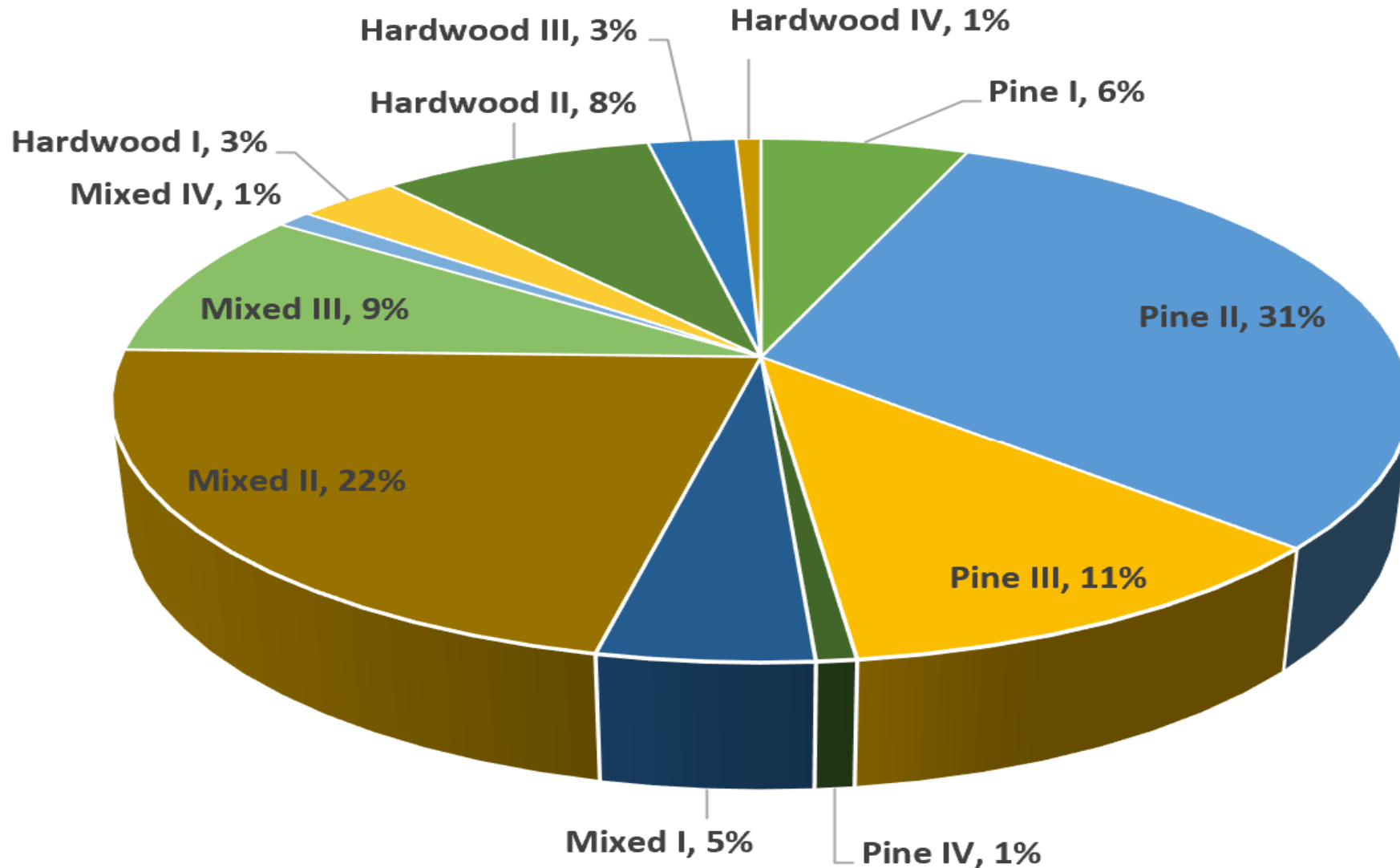
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graph TD; A[TIMBERLAND VALUE DIFFERS BY FOREST TYPE AND SOIL TYPE] --> B[3 FOREST TYPES: PINE, HARDWOOD, MIXED]; B --> C[4 SOIL TYPES: I, II, III, IV]; C --> D[12 CATEGORIES];
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3 FOREST TYPES: PINE, HARDWOOD, MIXED

4 SOIL TYPES: I, II, III, IV

12 CATEGORIES

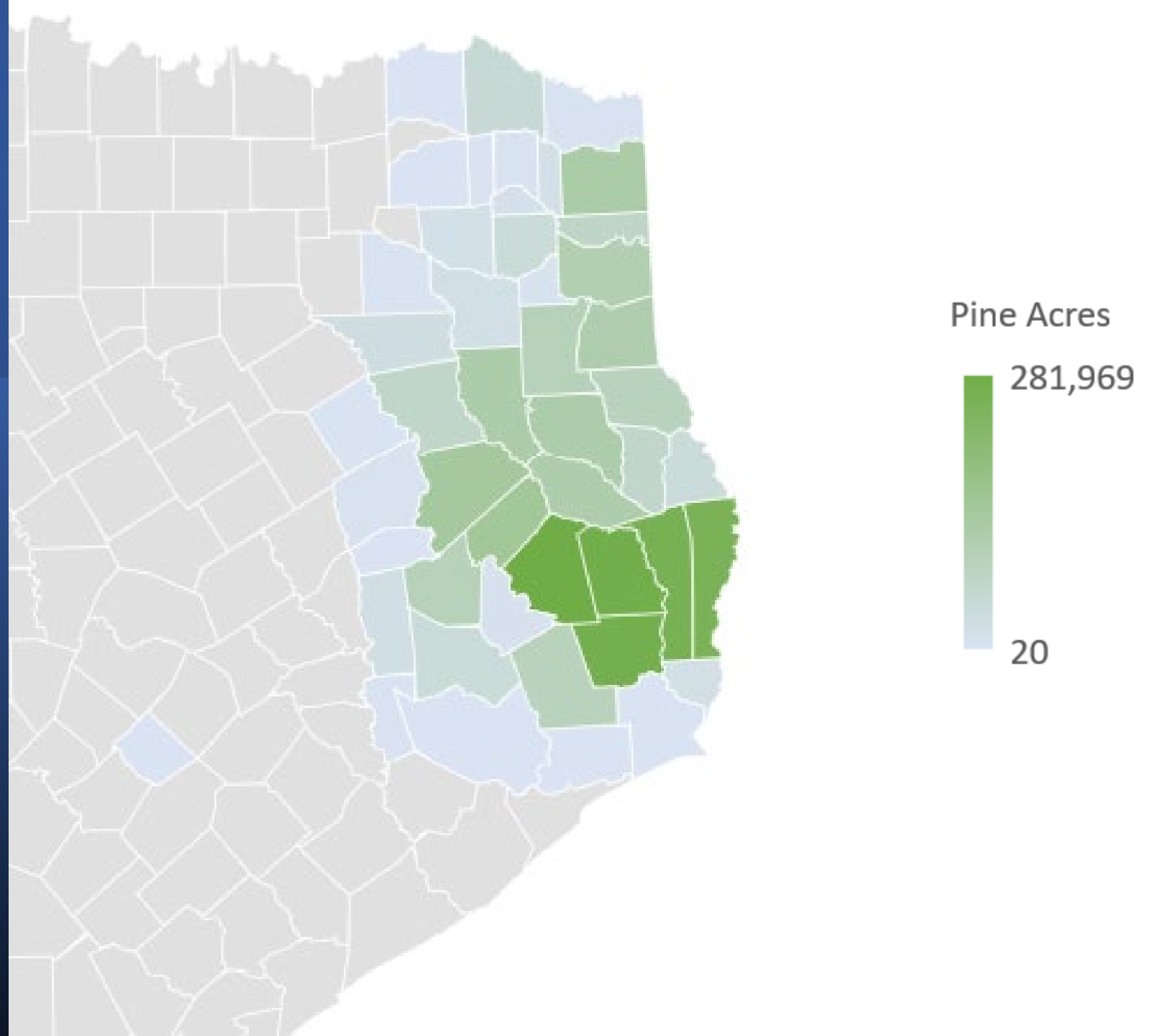
2022 Timber Categories Acreage



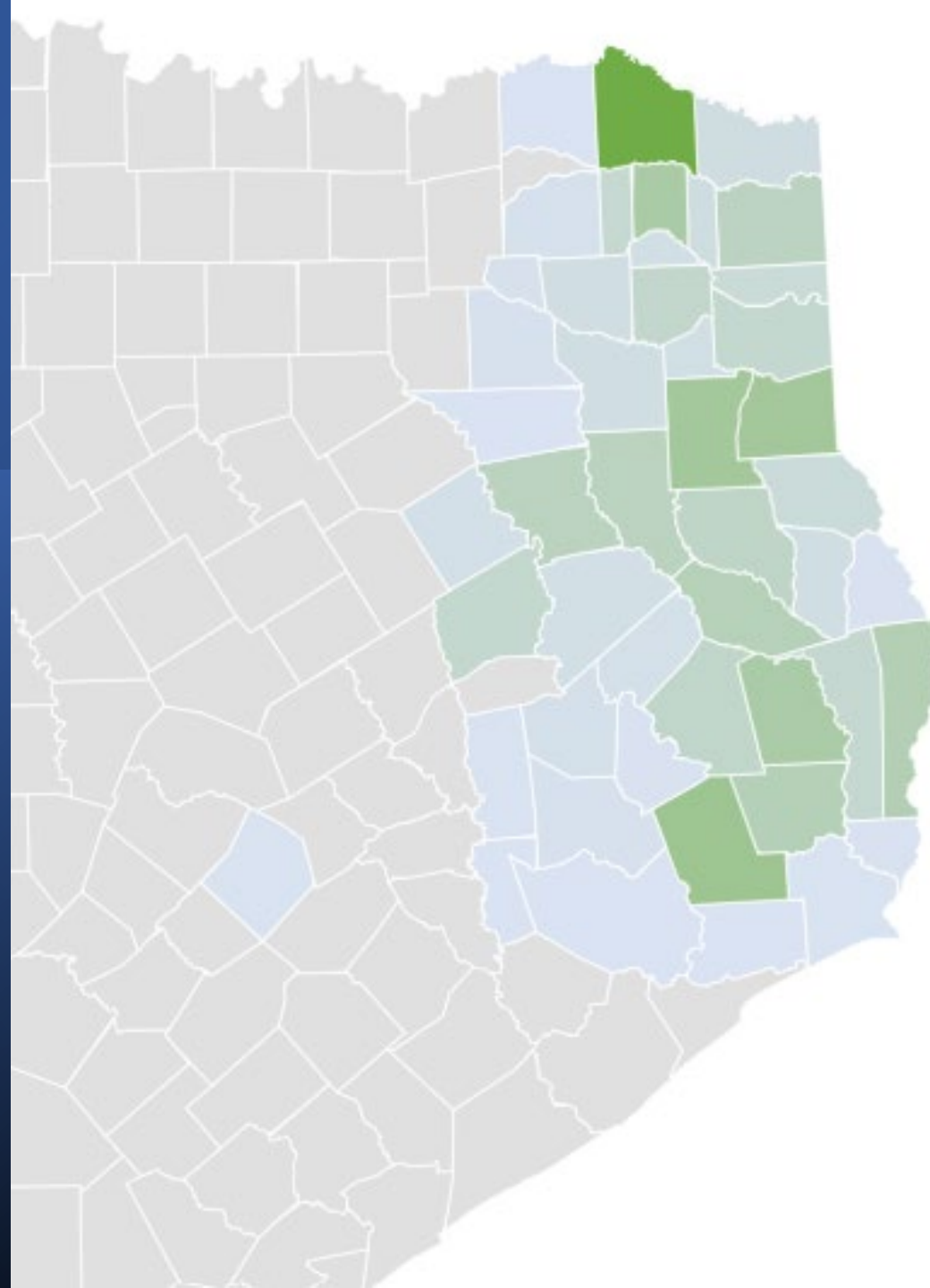
**6,698,288
Acres**



Pine Forest Counties



Hardwood Forest Counties

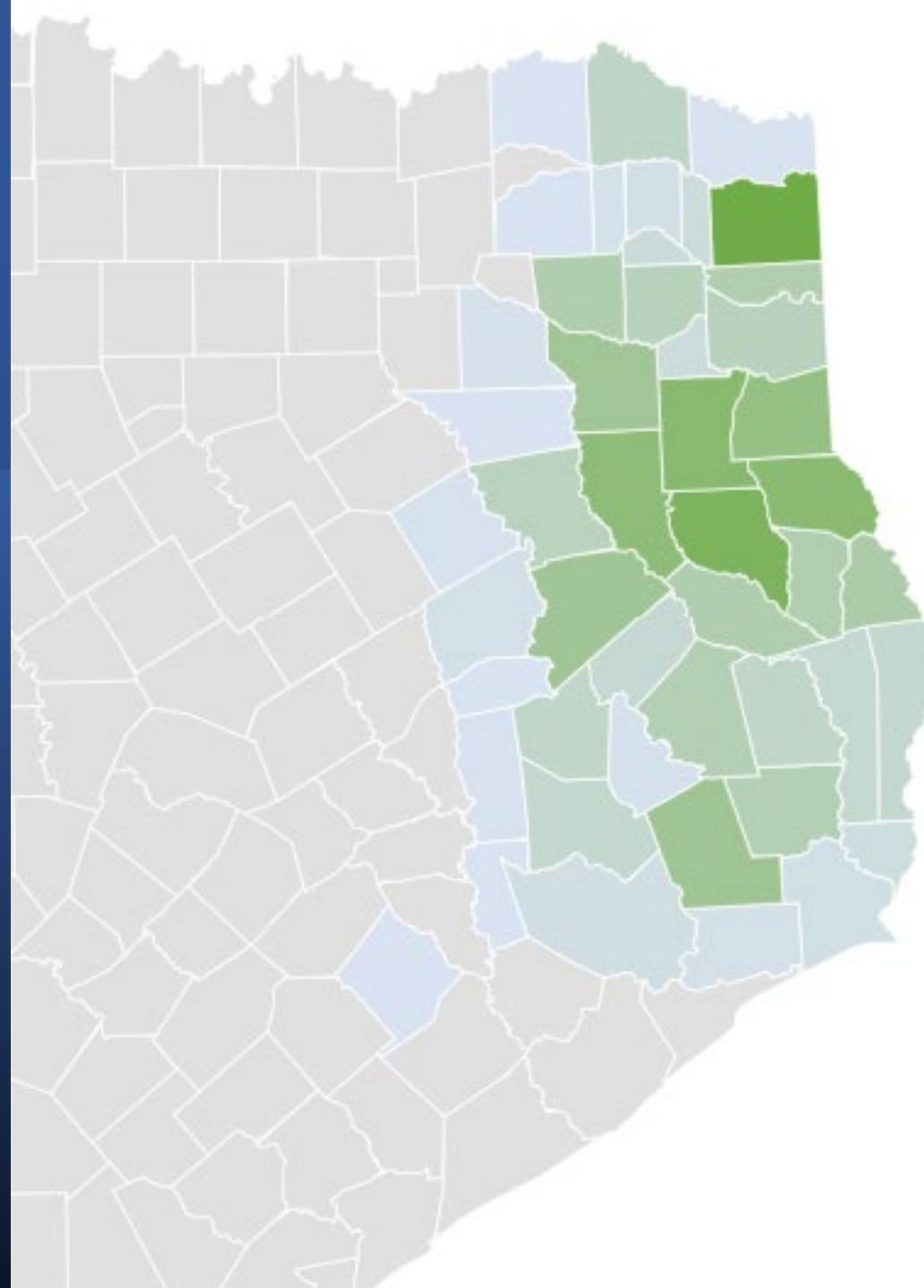


Hardwood Acres

115,458

13

Mixed Forest Counties



Mixed Acres

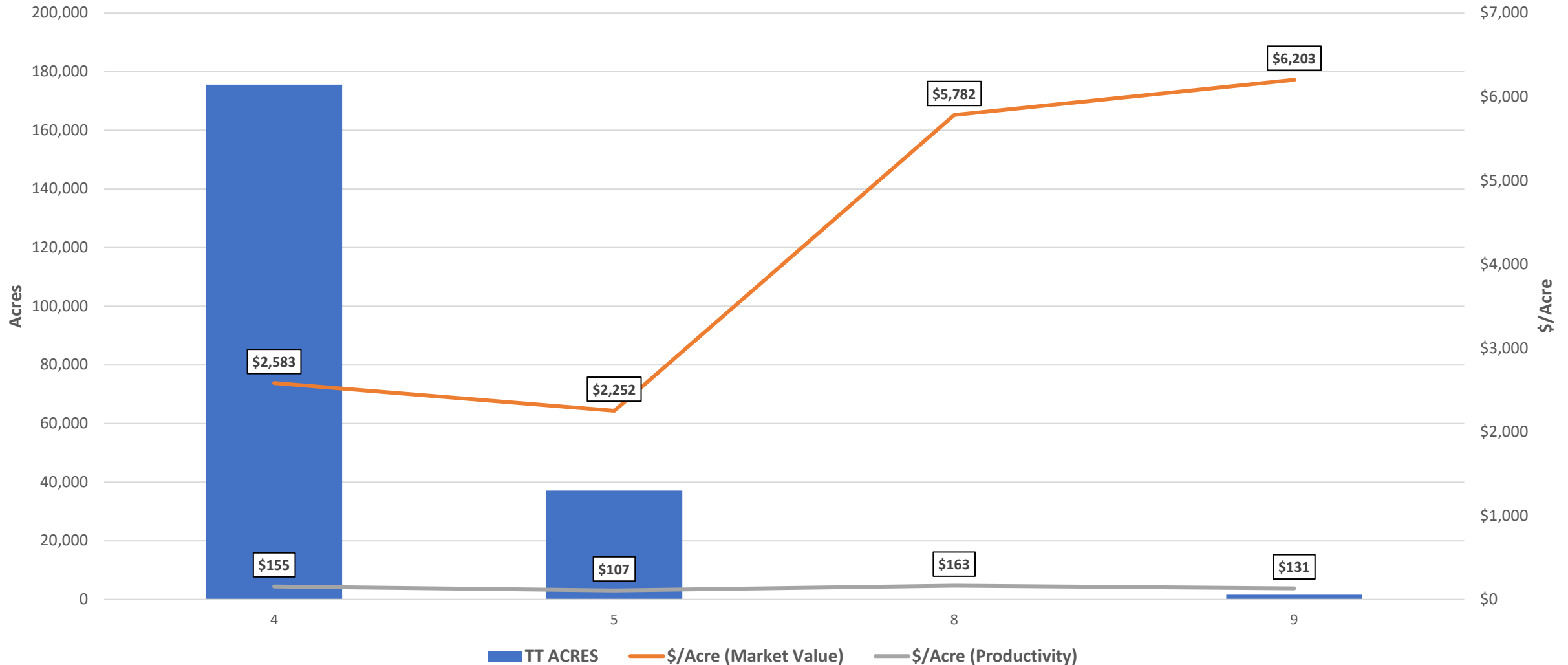
194,811

224

Timber in Transition



Timber in Transition by TAES Region (2022)



Timber in Transition

Agricultural land → timber
use

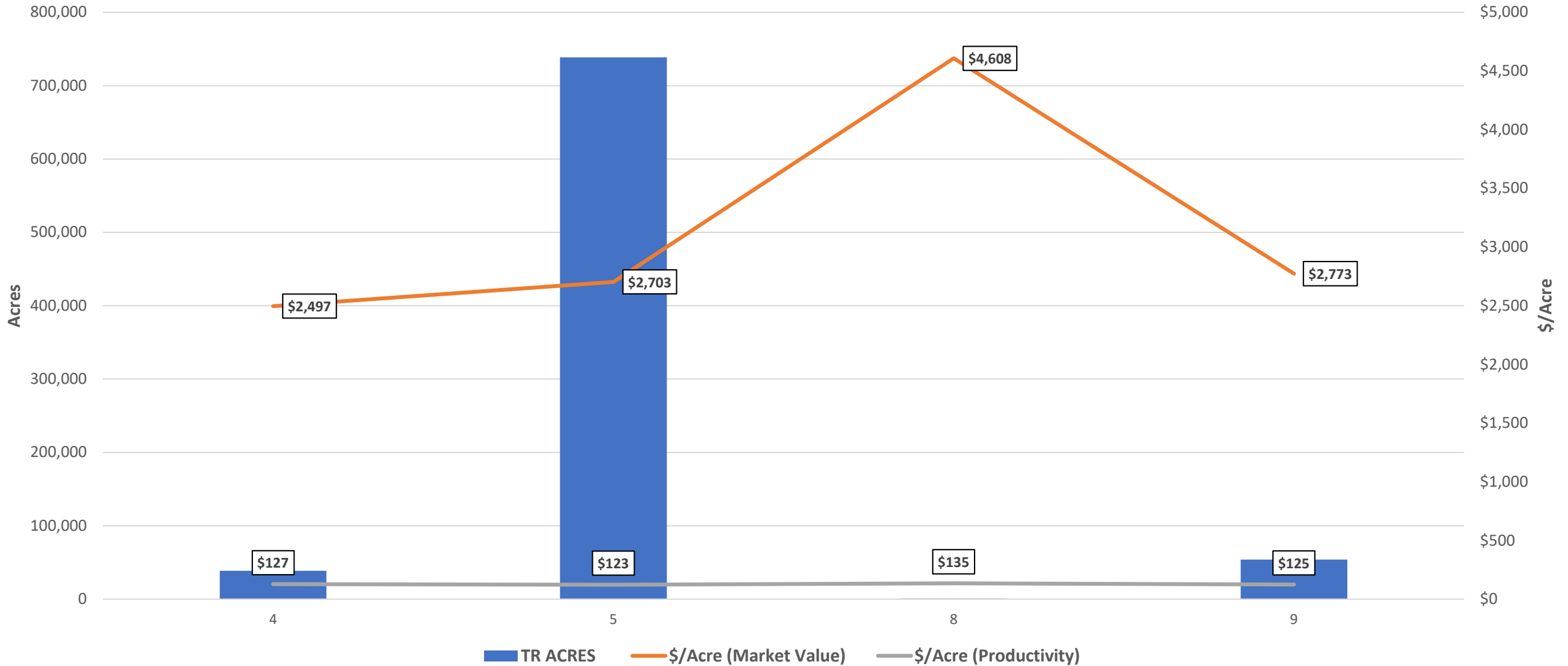
Tax benefit: 15 years as
agricultural land

In the 16th year, timber use
applies

Restricted- Use Timberland



Restricted-Use Timberland by TAES Region (2022)



Two Ways to Qualify for Restricted-Use

Reforested Land

Special forest zones

Can use Comptroller form 50-281 to apply

Reforested Land

Property tax benefit:

50% of Regular Timber-Use appraisal for
10 years

In the 11th year, regular timber-use
appraisal applies as long as it qualifies

TFS Recommended Criteria for Reforested Land Appraisal

Upland site regeneration

- 300 trees / acre
- At least 8 trees/acre well-spaced with 16-inch DBH
- Site preparation recommended

Bottomland site regeneration

- 300 trees / acre
- Natural regeneration by cutting all trees
- Planted hardwoods or pines are an option depending on site conditions

Special Forest Zones

Aesthetic Management Zone
(AMZ)

Critical Wildlife Habitat Zone
(CWHZ)

Streamside Management
Zone (SMZ)

Property tax benefits:

- 50% of the regular timber-use appraisal as long as it qualifies



Aesthetic Management Zone (AMZ)

Timberland determined as special
or unique for aesthetic purpose

Two types:

- Special or unique area
 - Natural beauty, topography, historical significance
- Public rights-of-way
 - Highway or other public road, public use area (park, cemetery, school...)

AMZ – Special or Unique



Landowner seeks
TFS determination
first



Upon approval,
apply with
appraisal district
offices

TFS

Recommended Criteria for AMZ Special or Unique

Must have attributes, such as:

- Archaeological sites
- Rare geological formations
- Unique:
 - Scenic beauty
 - Plant or animal communities

Recommended by a qualified specialist

Harvest Restrictions:

- Could be totally restricted
- Management plan addresses it
- BA \geq 50 ft² /acre
- May be regenerated using different methods

Land is appraised as timber-use

TFS Recommended Criteria for AMZ Public Rights of Way

Zone width: 100-200 ft.

Management plan

10 years old or 35 ft. tall

Harvest restriction (BA $50 \geq$ ft²/acre)



Critical Wildlife Habitat Zone (CWHZ)

Timberland on which timber harvest is restricted to:

Protect endangered/threatened species

Provide at least 3 of 7 benefits:

- Erosion control
- Habitat control
- Predator control
- Providing supplemental water supplies
- Providing supplemental food supplies
- Providing shelters
- Making census counts to determine population



TFS Recommended Criteria for CWHZ

Conservation agreement

Endangered or threatened species

Management plan



Streamside Management Zone (SMZ)

Timberland on which harvest is restricted to:

- Protect water quality or
- Preserve a waterway (lake, river, stream or creek)

TFS Recommended Criteria for SMZ

Streams or waterbody

Width: 50 ft. from each bank, up to 200 ft

Boundaries self-evident or marked

Trees 10 years old or more

300 trees per acre

Minimum 50 ft² / acre basal area

Management plan

When CA Questions a Restricted-use Application, TFS Makes Final Determination on:



AMZ-Public
Rights of
Way



Critical
Wildlife
Habitat Zone



Streamside
Management
Zone

Before TFS Make Final Decision:

The appraisal office will notify landowner of the request for TFS determination

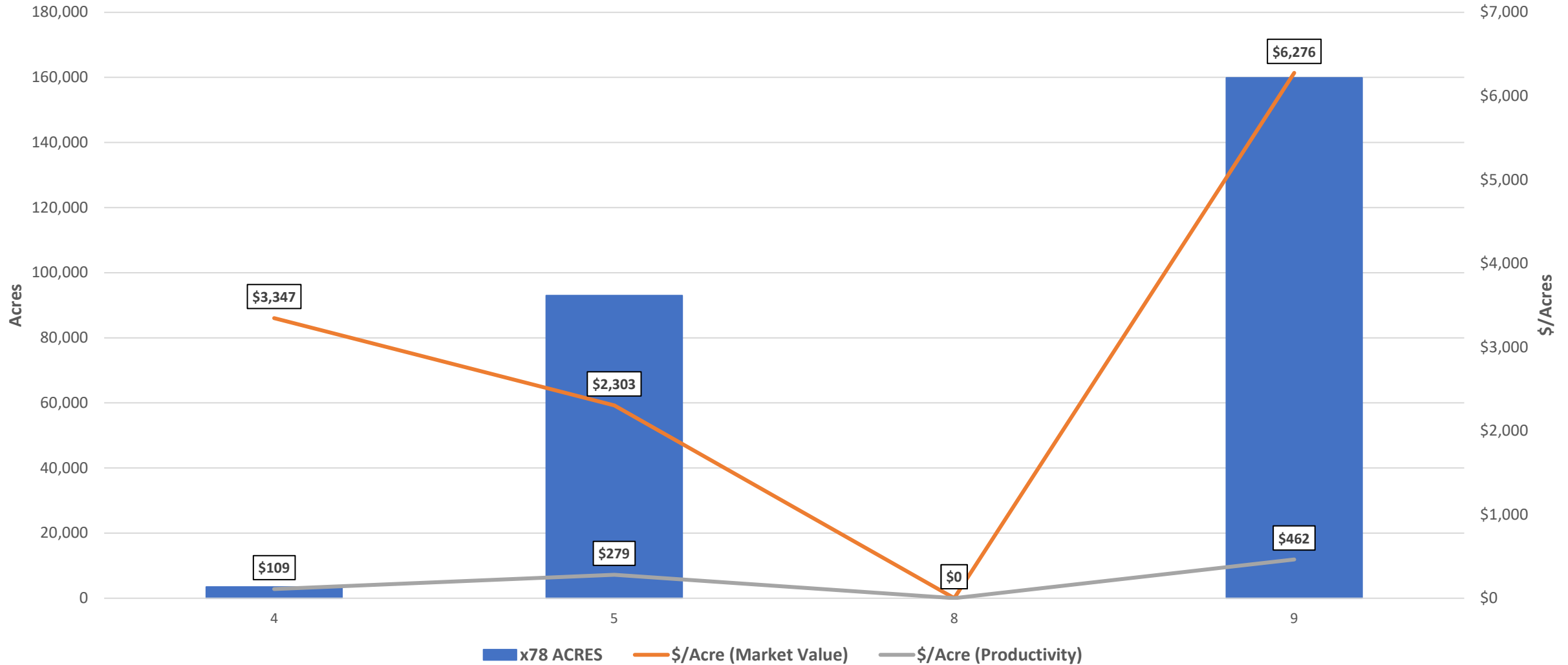
Landowner should submit evidence to the TFS to support their claims

Timber at 1978 Value



Timber at 1978

by TAES Region (2022)



Timber at 1978 Value

Minimum taxable value of qualifying timberland

Is the market value that was assigned to the land by the taxing unit in 1978

Does not apply to timber at restricted-use

Change in Use & Rollback



Continue to Qualify Unless...

Ownership
changes

Land's eligibility
changes

Chief appraiser
asks for a new
application

Convert to Wildlife
Management

- Restricted-Use
Timberland CANNOT

Change of Use/Rollback



Determined by chief appraiser



Notification

Written notice must be delivered to landowner



Change of Use can be Protested to the ARB

Protest must be filed within 30 days of delivery



Due Date

Due when the rollback tax bill is mailed
Becomes delinquent if not paid before the next Feb. 1 that is at least 20 days after the tax bill is mailed.

Rollback Tax Penalty on Land Use Changes

- Rollback Tax:
Difference between the taxes paid at productivity appraisal versus what they would have been at market value for the 3 previous years

Example of Rollback Tax Calculation

Tax Year	Tax Paid	Tax on Market Value	Difference
2022	\$150	\$1000	\$850
2021	125	900	775
2020	100	600	500
Total			\$ 2,125

Changes of Use

Changes of use:

- Land taken completely out of timber use by owner's free choice
- Physical change

Not considered a change of use:

- Sale for right of way
- Condemnation
- Transferred for public use by government
- Agricultural use
- Reducing intensity below typical levels
- Reduced intensity due to acts of nature

Cessation of Timberland Production

Portions of Property:

- Roads, right-of-way, buffer areas or firebreaks
- Subject to a right-of-way taken through the use of eminent domain

Oil & Gas Operations:

- A lessee conducting oil & gas (O&G) operations over which the Texas Railroad Commission has jurisdiction
- Pad sites, oil field roads, electric lines to O&G operations, pipelines and tank batteries

The 88th Legislative Session



88th Legislative Regular Session



Total Bills Filed:

8,345

House: 5,619

Senate: 2,726



Ag/Timber Bills & JRs Filed:

27

House: 19

Senate: 8



Ag/Timber Bills Signed into Law:

4

House: 3

Senate: 1

Timber Manual Updates

Glenn Hegar
Texas Comptroller of Public Accounts

Manual for the Appraisal of Timberland

March 2022

Helpful Websites

Property Tax Assistance Division's Ag & Timber Taxation:

<https://comptroller.texas.gov/taxes/property-tax/ag-timber/index.php>

Comptroller Forms:

<https://comptroller.texas.gov/taxes/property-tax/forms/>

Texas A&M Forest Service:

<http://tfsweb.tamu.edu/>

TPWD's Endangered Species List:

https://tpwd.texas.gov/huntwild/wild/wildlife_diversity/nongame/listed-species/

TPWD Wildlife Management:

https://tpwd.texas.gov/landwater/land/private/agricultural_land/

Questions?

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or 1-800-252-9121 (press 4 to access the
directory, then press 3-3759)

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