

STATE OF WEST VIRGINIA

Department of Revenue State Tax Department

2007-07... 25

Christopher G. Morris State Tax Commissioner

Joe Manchin III Governor

ADMINISTRATIVE NOTICE 2008-12

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 2008, 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 Sections § 110 CSR 1H-12.1. These are as follows:

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.

RECAPTURE COMPONENT

The discount component previously discussed provides an investor with a rate of return-on-investment (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.

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

T - 4: 4:				
	<u></u>		eturn: Class II	Rates
Safe Rate of Re	eturn (5 Year T-Bill	Rate)		
Year	Rate	W/A %	W/A Rate	
2006	4.7450	33.33%	1.5817	
2005	4.0458	26.67%	1.0789	
2004	3.4290	20.00%	0.6858	
2003	2.9683	13.33%	0.3958	2.006
2002	3.8150	6.67%	0.2543	3.996 %
Nonliquidity F	Rate			
	vs. 3 Month T-Bills)			į
Year	Rate	W/A %	W/A Rate	
2006	0.0845	33.33%	0.0282	
2005	0.4050	26.6 7 %	0.1080	
2004	0.4920	20.00%	0.0984	
2003	0.2142	13.33%	0.0286	0.000
2002	0.3690	6.67%	0.0246	0.288 %
•) yr T-bills vs 5 yr	· ·		
Year	Rate	W/A %	W/A Rate	
2006	0.6070	33.33%	0.2023	
2005	0.6000	26.67%	0.1600	
2004	1.6180	20.00%	0.3236	
2003	1.9892	13.33%	0.2652	
2002	1.5666	6.67%	0.1044	1.056 %
Management	Factor			0.500 %
-				0.500 %
Property Tax	Component			0.500 %
Property Tax (60% of Class II I	Component Rale)	W/A °/.	W/A Rata	0.500 %
Property Tax (60% of Class II I	<u>Component</u> Rate) Rate	W/A %_	W/A Rate	0.500 %
Property Tax (60% of Class II I Year 2006	Component Rate) Rate 0.726	33.33%	0.2420	0.500 %
Property Tax (60% of Class II I Year 2006 2005	Component Rate) Rate 0.726 0.738	33.33% 26.67%	0.2420 0.1968	0.500 %
Property Tax (60% of Class II II Year 2006 2005 2004	Component Rate 0.726 0.738 0.744	33.33% 26.67% 20.00%	0.2420 0.1968 0.1488	0.500 %
Property Tax (60% of Class II I Year 2006 2005 2004 2003	Component Rate 0.726 0.738 0.744 0.744	33.33% 26.67% 20.00% 13.33%	0.2420 0.1968	0.500 %
Property Tax (60% of Class II II Year 2006 2005 2004	Component Rate 0.726 0.738 0.744	33.33% 26.67% 20.00%	0.2420 0.1968 0.1488	0.500 % 0.736 %
Property Tax (60% of Class II I Year 2006 2005 2004 2003 2002 Inflation Rate	Component Rate 0.726 0.738 0.744 0.744	33.33% 26.67% 20.00% 13.33%	0.2420 0.1968 0.1488 0.0992	
Property Tax (60% of Class II I Year 2006 2005 2004 2003 2002	Component Rate 0.726 0.738 0.744 0.744	33.33% 26.67% 20.00% 13.33%	0.2420 0.1968 0.1488 0.0992	
Property Tax (60% of Class II II Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year	Component Rate 0.726 0.738 0.744 0.744	33.33% 26.67% 20.00% 13.33%	0.2420 0.1968 0.1488 0.0992	
Property Tax (60% of Class II I Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics)	33.33% 26.67% 20.00% 13.33% 6.67%	0.2420 0.1968 0.1488 0.0992 0.0496	
Property Tax (60% of Class II II Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate	33.33% 26.67% 20.00% 13.33% 6.67%	0.2420 0.1968 0.1488 0.0992 0.0496	
Property Tax (60% of Class II I Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500	33.33% 26.67% 20.00% 13.33% 6.67% W/A %	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333	
Property Tax (60% of Class II If Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006 2005	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500 3.400	33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67%	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333 0.9067	
Property Tax (60% of Class II II Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006 2005 2004	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500 3.400 3.300	33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00%	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333 0.9067 0.6600	
Property Tax (60% of Class II If Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006 2005 2004 2003 2002	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500 3.400 3.300 1.900 2.400	33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333 0.9067 0.6600 0.2533 0.1600	0.736 % (2.813) %
Property Tax (60% of Class II If Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006 2005 2004 2003 2002 TOTAL REQU	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500 3.400 3.300 1.900 2.400 IRED RATE OF R	33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333 0.9067 0.6600 0.2533 0.1600	0.736 % (2.813) % 3.763 %
Property Tax (60% of Class II If Year 2006 2005 2004 2003 2002 Inflation Rate (Bureau of Labor Year 2006 2005 2004 2003 2002 TOTAL REQU LESS: PROPI	Component Rate 0.726 0.738 0.744 0.744 0.744 Statistics) Rate 2.500 3.400 3.300 1.900 2.400	33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67% ETURN (REALONENT	0.2420 0.1968 0.1488 0.0992 0.0496 W/A Rate 0.8333 0.9067 0.6600 0.2533 0.1600	0.736 % (2.813) %

* 30 yr T-bills. 2002-2005 not available, 20 yr. T-bill data used. 2006, 30 yr. T-bill data available

2006 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Fac	0.20%	-0.96%			
,		1.0724	1.0941	1.1162	1.1733
SAWTIMBER	Current	\$/MBF at age	\$/MBF at age	\$/MBF at age	\$/MBF at age
Region	S/MBF	35	45	_55_	80
Region 1	257.70	276.37	281.95	287.64	302.37
Region 2	221.10	237.12	241.90	246.78	259.42
Region 3	311.99	334.59	341.35	348.23	366.07
Region 4	258.72	277.46	283.06	288.78	303.57
Region 5	229.97	246.63	251.61	256.69	269.83
		0.7135	0.6479	0.5883	0.4622
PULPWOOD:		\$/cd at age	S/cd at age	\$/cd at age	\$/cd at age
Region	S/Cord	35	45	55	80
Region 1	8.91	6.36	5.77	5.24	4.12
Region 2	8.72	6.22	5.65	5.13	4.03
Region 3	6.71	4.79	4.35	3.95	3.10
Region 4	6.29	4.48	4.07	3.70	2.91
Region 5	7.13	5.09	4.62	4.19	3.30

2005 Management Costs:

Region	S/acre (1)
1	2.50
2	2.50
3	2.50
4	2.50
5	2.50
State	

Tax Rates:

Effective Federal Income Tax Rate		<u>35.00</u> °。
Effective WV State Income Tax Rate	(6.5% * (135))	<u>4.23%</u>
Effective WV Severance Tax Rate	(6.0% * (135)	3.90%

Yield (Volumes) (80 year rotation) Timberland Site Index Yield • MBF

Productivity Grades	Site Index	Yield - MBF	Yie	ld - 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

EStilliation C	of Required	Rate of Re	turn: Class III R	ates	
Safe Rate of Ret	urn (5 Year T-Bi	II Rate)			
Year	Rate	W/A %	W/A Rate		
2006	4.7450	33.33%	1.5817		
2005	4.0458	26.67%	1.0789		
2004 2003	3.4290 2.9683	20.00% 13.33%	0.6858 0.3958		
2002	3.8150	6.67%	0.2543	3.996	%
Nonliquidity Rat	•				
(12 Month T-Bills vs.					ļ
Year	Rate	W/A %	W/A Rate		
2006	0.0845	33.33%	0.0282		
2005	0.4050	26.67% 20.00%	0.1080	1	
2004 2003	0.4920 0.2142	20.00% 13.33%	0.0984 0.0286		
2002	0.3690	6.67%	0.0246	0.288	%
Risk Rate (30 yr	T-bills vs 5 yr T	-bills)*			
<u>Ye</u> ar	Rate	W/A %	W/A Rate		1
2006	0.6070	33.33%	0.2023		1
2005	0.6000	26.67%	0.1600		
2004	1.6180	20.00%	0.3236		
2003	1.9892	13.33%	0.2652		
	1.9892 1.5666	13.33% 6.67%	0.2652 0.1044	1.056	%)
2003 2002	1.5666			1.056 0.500	93 93
2003 2002 Management Fac	1.5666 ctor				
2003 2002 Management Far Property Tax Co	1.5666 ctor <u>mponent</u>				
2003 2002 Management Far Property Tax Co (60% of Class III Rat	1.5666 ctor <u>mponent</u> le)	6.67%	0.1044		
2003 2002 Management Fac Property Tax Co (60% of Class III Rat Year	1.5666 ctor mponent ie) Rate	6.67% W/A %	0.1044 W/A Rate		
2003 2002 Management Face Property Tax Co (60% of Class III Rate Year 2006	1.5666 ctor mponent ie) Rate 1.326	6.67% W/A % 33.33%	0.1044 W/A Rate 0.4420		
2003 2002 Management Factorial Property Tax Co (60% of Class III Rative Year 2006 2005	1.5666 ctor mponent te) Rate 1.326 1.344	W/A % 33.33% 26.67%	0.1044 W/A Rate 0.4420 0.3584		
2003 2002 Management Factorial Property Tax Co (60% of Class III Rate Year 2006 2005 2004	1.5666 ctor mponent te) Rate 1.326 1.344 1.356	W/A % 33.33% 26.67% 20.00%	0.1044 W/A Rate 0.4420 0.3584 0.2712		
2003 2002 Management Factorial Property Tax Co (60% of Class III Rative Year 2006 2005	1.5666 ctor mponent te) Rate 1.326 1.344	W/A % 33.33% 26.67%	0.1044 W/A Rate 0.4420 0.3584		
2003 2002 Management Factorial Property Tax Co (60% of Class III Rat Year 2006 2005 2004 2003	1.5666 ctor mponent le) Rate 1.326 1.344 1.356 1.350	W/A % 33.33% 26.67% 20.00% 13.33%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800	0.500	%
2003 2002 Management Factorial Services (60% of Class III Rate Year 2006 2005 2004 2003 2002	1.5666 ctor mponent ie) Rate 1.326 1.344 1.356 1.350 1.356	W/A % 33.33% 26.67% 20.00% 13.33%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800	0.500	%
2003 2002 Management Face Property Tax Co (60% of Class III Rat Year 2006 2005 2004 2003 2002 Inflation Rate:	1.5666 ctor mponent ie) Rate 1.326 1.344 1.356 1.350 1.356	W/A % 33.33% 26.67% 20.00% 13.33%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800	0.500	%
2003 2002 Management Face Property Tax Co (60% of Class III Rat Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta	1.5666 ctor mponent ie) Rate 1.326 1.344 1.356 1.350 1.356 tistics)	W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904	0.500	%
2003 2002 Management Factorial Property Tax Co (60% of Class III Rate Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta Year	1.5666 ctor mponent te) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate	W/A % W/A % W/A % W/A %	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904	0.500	%
2003 2002 Management Factorial Section 1998 Property Tax Co (60% of Class III Rate	1.5666 ctor mponent te) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate 2.500	W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904 W/A Rate 0.8333	0.500	%
2003 2002 Management Factorial Property Tax Co (60% of Class III Rate Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta Year 2006 2005	1.5666 ctor mponent te) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate 2.500 3.400	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904 W/A Rate 0.8333 0.9067	0.500	%
2003 2002 Management Factorial Section 1998 Property Tax Co (60% of Class III Rate Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta Year 2006 2005 2004	1.5666 ctor mponent te) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate 2.500 3.400 3.300	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00%	W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904 W/A Rate 0.8333 0.9067 0.6600	0.500	%
2003 2002 Management Face Property Tax Co (60% of Class III Rat Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta Year 2006 2005 2004 2003 2002	1.5666 ctor mponent (e) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate 2.500 3.400 3.300 1.900 2.400	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904 W/A Rate 0.8333 0.9067 0.6600 0.2533	0.500	%
2003 2002 Management Factorial Section 1998 Property Tax Co (60% of Class III Rate Year 2006 2005 2004 2003 2002 Inflation Rate: (Bureau of Labor Sta Year 2006 2005 2004 2003	1.5666 ctor mponent (e) Rate 1.326 1.344 1.356 1.350 1.356 tistics) Rate 2.500 3.400 3.300 1.900 2.400 ED RATE OF RE	W/A % 33.33% 26.67% 20.00% 13.33% 6.67% W/A % 33.33% 26.67% 20.00% 13.33% 6.67%	0.1044 W/A Rate 0.4420 0.3584 0.2712 0.1800 0.0904 W/A Rate 0.8333 0.9067 0.6600 0.2533	0.500	%

	<u>Sawtimber</u>	Pulpwood			
tumpage Price Adjustment Fa	0.20%	-0.96%			
• =		1.0724	1.0941	1.1162	1.1733
SAWTIMBER	Current	\$/MBF at age	\$/MBF at age	\$/MBF at age	\$/MBF at age
Region	\$/MBF	35	45	55	80
Region 1	257.70	276.37	281.95	287.64	302.37
Region 2	221.10	237.12	241.90	246.78	259.42
Region 3	311.99	334.59	341.35	348.23	366.07
Region 4	258.72	277.46	283.06	288.78	303.5 7
Region 5	229.97	246.63	251.61	256.69	269.83
		0.7135	0.6479	0.5883	0.4622
PULPWOOD:		\$/cd at age	S/cd at age	\$/cd at age	\$/cd at age
Region	\$/Cord	35	45	55	80
Region 1	8.91	6.36	5.77	5.24	4.12
Region 2	8.72	6.22	5.65	5.13	4.03
Region 3	6.71	4.79	4.35	3.95	3.10
Region 4	6.29	4.48	4.07	3.70	2.91
Region 5	7.13	5.09	4.62	4.19	3.30
Management Costs:					
Region		\$/acre (1)			
1	'	2.50	•		
2		2.50			
3		2.50			
4		2.50			
5		2.50			
You Date:			-		.
Tax Rates:		.	<u> </u>		
Effective Federal Inc			<u>35 00°.</u>		
	T-u Data	(9°° (135))	<u>5 85°</u> ₀		
Effective WV State In Effective WV Severa		(6.0%*(1-35))	3.90°		

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - C	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

	Tax Year 200	8 Manage	d Timberla	and Statisti	cs		
	Estimation of	<u>.</u>		turn: Class	IV Rates		
Α.	Safe Rate of Return	1 (5 Year T-Bi	II Rate)				_
	Year	Rate	W/A %	W/A Rate			
	2006	4.7450	33.33%	1.5817			
	2005	4.0458	26.67%	1.0789			ļ
	2004 2003	3.4290 2.9683	20.00% 13.33%	0.6858 0.3958			
	2002	3.8150	6.67%	0.2543		3.996	%
В.	Nonliquidity Rate	4 T D:::->					
	(12 Month T-Bills vs. 3 M Year	Rate	W/A %	W/A Rate			
	2006	0.0845	33.33%	0.0282			
	2005	0.4050	26.67%	0.1080			1
	2004	0.4920	20.00%	0.0984			
	2003	0.2142	13.33%	0.0286			1
	2002	0.3690	6.67%	0.0246		0.288	%
C.	Risk Rate (30 yr T-l	=					
	Year	Rate	W/A %	W/A Rate			
	2006	0.6070	33.33%	0.2023			
	2005	0.6000	26.67%	0.1600			1
	2004	1.6180	20.00%	0.3236			
	2003	1.9892	13.33%	0.2652			
	2002	1.5666	6.67%	0.1044		1.056	%
D. E.	Management Facto					0.500	%
	(60% of Class IV Rate)						
	Year	Rate	W/A %	W/A Rate			
	2006	1.794	33.33%	0.5980			
	2005	1.758	26.67%	0.4688			
	2004	1.770	20.00%	0.3540			1
	2003	1.770	13.33%	0.2360			
	2002	1.770	6.67%	0.1180		1.775	%
F.	Inflation Rate: (Bureau of Labor Statistic	cs)					
	Year	Rate	W/A %	W/A Rate			
	2006	2.500	33.33%	0.8333			1
	2005	3.400	26.67%	0.9067			1
	2004	3.300	20.00%	0.6600			i
	2003	1.900	13.33%	0.2533			
	2002	2.400	6.67%	0.1600		(2.813)	9/0
	TOTAL REQUIRED					4.801	%
	LESS: PROPERTY				ļ	(1.775)	4
	TOTAL DISCOUNT	COMPONENT	l		Į.	3.026	%
• 30 уг	T-bills. 2002- 2005 not a	vailable, 20 yr. 1	-bill data used.	2006, 30 yr. T-bill	data available		

Stumpage Pri	ces:					
		Sawtimber	Pulpwood			
tumpage Price i	Adjustment Fac		-0.96%			
	-		1.0724	1.0941	1.1162	1.1733
AWTIMBER		Current	\$/MBF at age	\$/MBF at age	\$/MBF at age	\$/MBF at age
	Region	\$/MBF	35	45	55	80
-	Region 1	259.89	278.72	284.34	290.08	304.94
1	Region 2	214.52	230.06	234.71	239.44	251.71
1	Region 3	314.31	337.08	343.88	350.82	368.79
ŀ	Region 4	256.18	274.74	280.28	285.94	300.58
1	Region 5	220.26	236.22	240.99	245.85	258.44
			0.7135	0.6479	0.5883	0.4622
ULPWOOD:			\$/cd at age	\$/cd at age	\$/cd at age	\$/cd at age
	Region	\$/Cord	35	45	55	80
	Region 1	7.21	5.14	4.67	4.24	3.33
-	Region 2	7.43	5.30	4.82	4.37	3.44
	Region 3	8.73	6.23	5.65	5.13	4.03
,		5.36	3.83	3.47	3.15	2.48
	Region 4					
	Region 5	9.04	6.45	5.86	5.32	4.18
Management legion 1 2	Region 5		\$/acre (1) 2.50 2.50	5.86	5.32	4.18
Management Region 1 2 3	Region 5		\$/acre (1) 2.50 2.50 2.50	5.86	5.32	4.18
anagement egion 1 2	Region 5		\$/acre (1) 2.50 2.50	5.86	5.32	4.18
anagement egion 1 2 3 4	Region 5		\$/acre (1) 2.50 2.50 2.50 2.50 2.50	5.86	5.32	4.18
anagement gion 1 2 3 4 5	Region 5		\$/acre (1) 2.50 2.50 2.50 2.50 2.50	5.86	5.32	4.18
anagement egion 1 2 3 4 5	Region 5	9.04	\$/acre (1) 2.50 2.50 2.50 2.50 2.50		5.32	4.18
anagement egion 1 2 3 4 5	Region 5	9.04	\$/acre (1) 2.50 2.50 2.50 2.50 2.50	35.00%	5.32	4.18
gion 1 2 3 4 5 c Rates:	Region 5 Costs:	9.04 ome Tax Rate come Tax Rate	\$/acre (1) 2.50 2.50 2.50 2.50 2.50		5.32	4.18
gion 1 2 3 4 5 Rates:	Costs:	9.04 ome Tax Rate come Tax Rate	\$/acre (1) 2.50 2.50 2.50 2.50 2.50 (9%*(135))	35.00% 5.85%	5.32	4.18
enagement gion 1 2 3 4 5 K Rates: Effecti Effecti Effecti	Costs:	me Tax Rate come Tax Rate ce Tax Rate	\$/acre (1) 2.50 2.50 2.50 2.50 2.50 (9%*(135))	35.00% 5.85%	5.32	4.18
anagement gion 1 2 3 4 5 Rates: Effecti Effecti Effecti	Costs: Ve Federal Incove WV State Incove WV Severan	9.04 me Tax Rate come Tax Rate ce Tax Rate	\$/acre (1) 2.50 2.50 2.50 2.50 2.50 (9%*(135)) (6.0%*(1-35))	35.00% 5.85%	5.32	4.18
anagement egion 1 2 3 4 5 Effecti Effecti Effecti eld (Volume	Region 5 Costs: Ive Federal Incover WV State Incover WV Severances) (80 year refined process)	me Tax Rate come Tax Rate ce Tax Rate	\$/acre (1) 2.50 2.50 2.50 2.50 2.50 (9%*(135)) (6.0%*(1-35))	35.00% 5.85% 3.90%	5.32	4.18
anagement egion 1 2 3 4 5 Effecti Effecti Effecti eld (Volume	Region 5 Costs: Ive Federal Incover WV State Incover WV Severances) (80 year refined process) (80 year refined process)	9.04 ome Tax Rate come Tax Rate ce Tax Rate otation) Site Index	\$/acre (1) 2.50 2.50 2.50 2.50 2.50 2.50 (9%*(135)) (6.0%*(1-35))	35.00% 5.85% 3.90% Yield - Cords	5.32	4.18