



**HUMBOLDT ASSOCIATION OF REALTORS® INC.**

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May 11, 2010

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Humboldt County Planning Commission  
3015 H Street  
Eureka, California 95501

Supervisor Mark Lovelace  
Humboldt County Board of Supervisors  
825 5th Street, Room 111  
Eureka, California 95501

Re: Taxation and Residences in TPZ

Dear Commissioner Faust and Supervisor Lovelace:

There appears to be confusion regarding the issue of property taxes and housing in lands designated Timber Production Zone (TPZ). There is also a lot of confusion as to whether a house is a compatible use on TPZ land or whether it must be "necessary". In an effort to address these issues, we would appreciate your review of the Humboldt Association of REALTORS'® understanding of these matters.

The Forest Taxation Reform Act of 1976 completely changed the system of property taxation for timber and timberland in California. In 1976 the Humboldt County Planning Commission discussed the ramifications of the Act. In minutes from a 1976 meeting the Commission said, "after enactment of the TPZ, the timberland is assessed for tax purposes as timberland. The compatible use structures are assessed separately." The 1976 Planning Commission voted to recommend residences as principally permitted, compatible uses. By assessing them separately, residences are taxed differently, i.e. they are taxed at Prop. 13 rates. The remaining TPZ lands are taxed at a lower rate.

In an effort to inform the public about changes resulting from the Reform Act of 1976, the County published two pamphlets: "The Yield Tax and You" (1976) and "ABCs of TPZ" (1977, copy attached).

In "The Yield Tax and You", then County Assessor Ray Flynn wrote that the reduced TPZ taxes "shall *not* apply to *any structure* on the land *or* to an *area*

of reasonable size used as a site for approved compatible uses.” (page 9, “The Yield Tax and You”)(italics added).

In the “ABCs of TPZ”, Assessor Flynn went on to write about why the changes were made:

Many people have recognized severe problems with the old ad valorem system of property taxation for timber and timberland. There was a serious cash flow problem for small owners and they were being forced to cut their timber to pay the annual timber tax [pg. 1, “ABCs of TPZ”][Owners were being forced to cut their timber before it was mature in order to pay their taxes].

Timberland...will now be taxed only for its value for growing timber and allowed compatible uses [pg. 2, “ABCs of TPZ”].

The uses allowed in the Humboldt County TPZ zone are as follows:

A. Principle Permitted Uses

Growing and harvesting timber and uses accessory (compatible) thereto [pg.3, section A, “ABCs of TPZ”].

The following accessory uses are deemed to be compatible...:

Single family dwelling or mobilehome and normal accessory Uses and structures for owner or caretaker [pg.4, section C.1.f., “ABC’s of TPZ”].

Per the current Assessor’s office, when a residence is built on TPZ lands, the house, and up to two acres surrounding it, are removed from the TPZ assessment and are assessed and taxed in the same manner as any other residence. Specifically, they are taxed at Prop. 13 rates, just as every other house and lot in the county. Please note that per County Code 314 – 7.4.1.6.3, Inland Zoning Regulations, residences and associated uses are limited to two acres on lands designated TPZ.

Some speak of “preferential tax treatment”. We suggest land assessed as TPZ should not be deemed as receiving preferential treatment nor should the owners be considered “tax dodgers”. It is a deferred tax. Eventually the landowner pays when the trees are harvested. This is when a “yield tax” becomes due. The Association believes this offsets any complaint of preferential tax treatment. We note again that any house and surrounding land is taxed, as described above, at non-preferential Prop. 13 rates.

TPZ is similar to the Williamson Act as to intent. Both are directed at


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protecting resource lands. The Williamson Act has been largely successful as can TPZ if left intact.

Sincerely,

  
Victoria Copeland, Co-chair  
General Plan Subcommittee

  
Debbie Provolt, Co-chair  
General Plan Subcommittee

Attachment

cc: H.C. Planning Commission  
H.C. Board of Supervisors  
Kirk Girard, Director CDS  
Tom Hofweber, Supervising Planner  
Martha Spencer, Supervising Planner