

Tyler County Chief Appraiser David Luther



David Luther, Tyler County Chief Appraiser, spoke to the Tyler County Forest Landowner Association on Saturday, March 12, 2022 at the Pickett House Restaurant in Woodville, Texas. Over sixty persons listened intently as David discussed several topics of interest to forest landowners.

Texas forest landowners can apply for Timberland Valuation designation which impacts their property taxes. Mr. Luther explained that the state taxes timberland based on, “the potential average annual growth of a typical timber tract. It does not matter where in the growth cycle individual tracts are, otherwise, we would be valuing the standing timber at market value which would obviously lead to much, much, more in taxes, almost akin to a severance tax.” Mr. Luther added that recent Texas legislation provides for pipeline easements and other rights-of-way within a forestland to be included in the timberland designation – rather than carving it out for regular property tax rates.

It is necessary to reapply for a timberland valuation when ownership of a tract changes, even if the prior owners had a timberland valuation. When applying for the initial timberland valuation (forestland that did not previously have a timberland valuation), a history of timber management was required for 5 of the past 7 years. However, David has introduced a 2-year moratorium which gives landowners the chance to prove timber use in those first two years. The application for special appraisal as qualified timberland is [Form 50-167, Application for 1-d-1 \(Open-Space\) Timberland Appraisal \(PDF\)](#).

Tyler County does not require a Timber Management Plan with submission of the 1-d-1 Form, except for a few situations such as timberland within city limits. The Texas A & M Forest Service (TFS) will develop a management plan for free as they have time available to prepare it. Certified foresters provide management plans for a fee.

There is a 3-year rollback penalty associated with converting land with a timberland valuation to another purpose, such a residential development.

Increased property values in the county will eventually impact property taxes as the appraisal district is required to conduct periodic reappraisals. There are a few new petroleum wells in the county which add revenues. Mr. Luther explained, "With the oil & gas properties, we are valuing a projection of the oil and gas still in the ground that is likely to be produced as of January 1st each year. These projections are based on petroleum engineers' study of each well's production history as well as history in the area. We are not taxing what is produced because it no longer is part of the real property, and that would be a severance tax like in Louisiana."

Mr. Luther shared that he has been asked if the county is receiving increased tax revenue from the increased lumber prices. He clarified that, "With the prices of lumber, we do get to value the inventory of lumber at the store that is onsite as of January 1st each year. So, in that sense we, the government, are getting some tax revenue from the increased prices. I realize that the landowners and loggers are not getting any of the benefit at these lowest levels of trade. It's going into the mills at the same prices but coming out as "gold". I guess it's good for the futures and stock markets."

Mr. Luther provided copies of the Manual for the Appraisal of Timberland which can be accessed at <https://comptroller.texas.gov/taxes/property-tax/docs/96-357.pdf>. Initiated in 1978, the Timberland Tax Valuation provided much-needed tax relief for Texas forest landowners, taxing timberland on use-value of trees rather than current property market values. In 1999, significant legislation was passed to provide 50% discounts for Streamside Management Zones (SMZ), Aesthetic Management Zones (AMZ), Critical Wildlife Habitat Zones (CWHZ) and Reforestation. The Manual defining the timberland valuation process was updated in October 2020 to improve readability and to incorporate current data in sample charts. The only factor a landowner can affect within the timber valuation formula is management costs, such as site prep, control burns, herbicide applications, fire breaks, road maintenance, and other best practices. The Texas A&M Forest Service develops the management costs based on surveys from landowners.

Mr. Luther added, "There are other timberland valuation factors the landowner can affect with the appraisal district. These are the predominant timber types – pine, hardwood, and mixed pine/hardwood. We have excellent aerial images of Tyler County we fly every three years. It is important that landowners check to see how appraisal district has classified their timber. A mistaken classification of 100 acres of pine instead of mixed or hardwood could mean as much as \$600 or \$6 per acre too much in taxes."

For more details regarding one's personal property taxes, the Appraisal Office will upon request provide an "Appraisal Card".