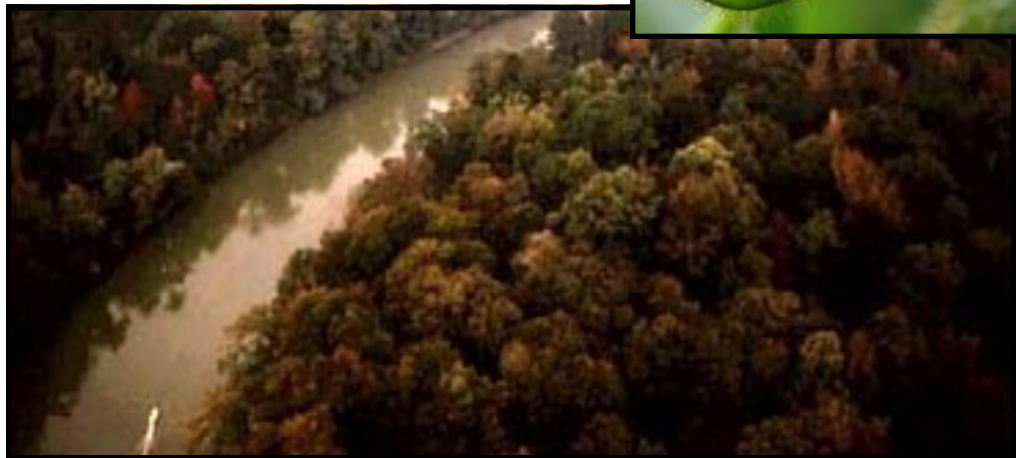


Cropland, Pastureland and Timberland Valuation for Property Tax Purposes

2010



ACD

Arkansas Assessment Coordination Department

October 15, 2009



Debra Asbury
Director

STATE OF ARKANSAS
ASSESSMENT COORDINATION DEPARTMENT

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October 15, 2009

To: The Honorable Henry "Hank" Wilkins IV
To: The Honorable Allen Maxwell

This report is presented pursuant to ACT 994 from the 2007 legislative session which requires that ACD report any changes to the agricultural use valuation formula for property tax purposes to Legislative Council by October 15th of each year.

Contained within this report are the guidelines used by ACD in its duties, the calculations used in determining the values, and the statistical information used in the calculations. These values will be used by counties completing their reappraisal cycle in 2010.

No changes were made to the Use Valuation formula used in these calculations this year.

If you have any questions about any part of Act 994 or any part of the Agricultural Use valuation process please feel free to contact me.

Sincerely,

Robert McGee
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Table of Contents

ACD Agricultural Guidelines	1-8
Map of ACD Agricultural Regions	4
Delta Region	9-20
Ouachita Region.....	21-32
Ozark Region.....	33-44
Southwest Region	45-56
Crop and Pasture Rates.....	57
Timber Rates.....	58-60

Guidelines For The
Mass Appraisal
Of
Agricultural Lands
In The
State Of
Arkansas

In compliance with Arkansas Code 26-26-407

Developed By
The State Of Arkansas
Assessment Coordination
Department
1996

Revised 2009

These guidelines were developed by the Assessment Coordination Department in compliance with Arkansas Code 26-26-407 which states:

(b)(1) (A) Agricultural land, pasture land, and timber land valuation shall be based on the productivity of the agricultural land, pasture land, or timber land soil.

(B) Agricultural land, pasture land, and timber land guidelines shall be developed based on the typical or most probable use of the soils for agricultural land, pasture land, and timber land in the region.

(f)(1) In devising and developing methods of assessing and levying the ad valorem property tax on real property, the Assessment Coordination Department shall annually develop and publish valuation tables and other data which shall be used by county assessors for assessing lands qualifying under the provisions of this subchapter.

(2) (A) Effective for assessment years beginning January 1, 2008, and every year thereafter, the Assessment Coordination Department shall update the valuation tables for assessing lands qualifying as agricultural land, pasture land, and timber land in time for counties to use the updated tables when they finish their countywide appraisals.

(B) Beginning January 1, 2008, when there is a countywide reappraisal, a county shall assess agricultural land, pasture land, and timber land based upon the updated land values in the valuation tables issued for the assessment year.

(3) (A) Effective for assessment years beginning January 1, 2008, the Assessment Coordination Department by rule shall develop appropriate formulas reflecting the productivity valuation of the land based upon income capability attributable to agricultural land, pasture land, and timber land soils.

(B) Beginning January 1, 2008, and every year thereafter, the Assessment Coordination Department shall develop and calculate capitalization rates by using appropriate long-term federal security rates, risk rates, management rates, and other appropriate financial rates.

(C) However, the capitalization rate developed under subdivision (f) (3) (B) of this section shall not be less than eight percent (8%) nor more than twelve percent (12%).

(4) By October 15 of each year, the Assessment Coordination Department shall report to the Legislative Council any changes to any part of the formula used to determine the value or the capitalization rate.

The Big Picture

The Agricultural Land mass appraisal program launched in 1981 developed seventy-five individual county land values based on published information by the Arkansas Agricultural Statistics Service and the Natural Resource and Conservation Service. In an effort to eliminate some of the variables and inconsistencies, in 1996 the introduction of Regional Land Values for the state of Arkansas was implemented.

REGIONS

The land regions are based on those set by the U.S. Forest Service. There are four regions, a brief description, and the counties within that region are listed below:

Delta Region- An alluvial plain reaching from Louisiana to Missouri.

Counties include: Arkansas, Chicot, Clay, Craighead, Crittenden, Cross, Desha, Greene, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Poinsett, Prairie, St. Francis, and Woodruff.

Ouachita Region- Extends northward from the coastal plain up to the Arkansas River.

Counties include: Garland, Logan, Montgomery, Perry, Polk, Pulaski, Saline, Scott, Sebastian, and Yell.

Ozark Region- Is the largest region and is contained in the northern third of the State west of the Delta and north of the Arkansas River.

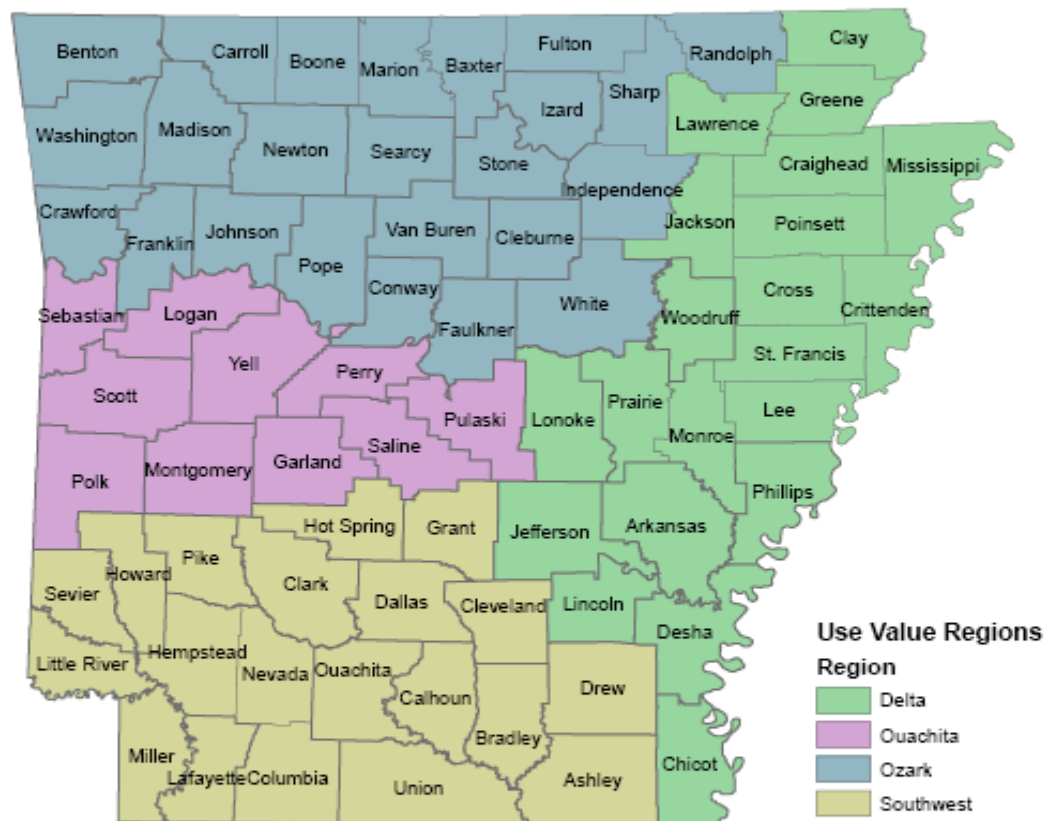
Counties include: Baxter, Benton, Boone, Carroll, Cleburne, Conway, Crawford, Faulkner, Franklin, Fulton, Independence, Izard, Johnson, Madison, Marion, Newton, Pope, Randolph, Searcy, Sharp, Stone, Van Buren, Washington, and White.

Southwest Region- Southern part of the state west of the Delta. Also known as the Coastal Plains.

Counties include: Ashley, Bradley, Calhoun, Clark, Cleveland, Columbia, Dallas, Drew, Grant, Hempstead, Hot Spring, Howard, Lafayette, Little River, Miller, Nevada, Ouachita, Pike, Sevier, and Union.

REGIONAL MAP NEXT PAGE

AGRICULTURAL USE VALUE REGIONS



ARKANSAS ASSESSMENT COORDINATION DEPARTMENT



4/2006

SOIL GROUPINGS

The soil groupings are based on the NRCS Land Capability Classification System. This system measures the limitations of soils using eight classes. Class I being the least limited and VIII being the most restrictive. The sub class describes the type of limitation be it W-water, E-erosion, and S-shallow or unstable soils. NRCS has published, or is in the process of publishing, a soil survey for each county in Arkansas. Within these surveys each soil is described and is designated a capability class and a subclass. The surveys also contain aerial photographs which depicts where soils are located within the county.

The descriptions are as follows:
(See next page)

ACD Numbers and Interpretations

ACD#	LAND CAPABILITY CLASSIFICATION
1	I - Soils have few limitations that restrict use.
2	IIw - Soils have <u>moderate</u> water limitations that reduce the choice of plants or require moderate conservation practices.
3	IIIs- Soils are <u>very</u> swallow and suffer from severe limitations that reduce the choice of plants or that require special conservation practices, or both.
4	IIIw- Soils have <u>severe</u> water limitations that reduce the choice of plants or that require special conservation practices, or both.
5	IIs - Soils are shallow and have <u>moderate</u> limitations that reduce the choice of plants or require moderate conservation practices.
6	IVs - Soils are shallow and have <u>severe</u> limitations that reduce the choice of plants or that require careful management, or both.
7	IVw- Soils have <u>severe</u> water limitations that reduce the choice of plants or that require very careful management, or both.
8	Vw - Soils are not likely to erode, but have water limitations, impractical to remove and limits the use.
9	VIIs - Soils have <u>severe</u> shallow limitations that make them generally unsuitable for cultivation.
10	VIw- Soils have <u>severe</u> water limitations that make them generally unsuitable for cultivation.
11	VIIIs- Soils are shallow and have <u>very severe</u> limitations that make them unsuitable for cultivation.
12	IIe - Soils have <u>moderate</u> limitations to erosion that reduces the choice of plants or that require moderate conservation practices.
13	IIIe- Soils have <u>severe</u> limitations to erosion that reduces the choice of plants or that require special conservation practices, or both.
14	IVe - Soils have <u>very severe</u> limitations to erosion that reduces the choice of plants or that require very careful management, or both.
15	VIe - Soils have <u>very severe</u> limitations to erosion that make them generally unsuitable for cultivation.
16	VIIe- Soils have <u>very severe</u> limitations to erosion that make them unsuitable for cultivation.
17	VIII- (ROCK OUTCROPS ECT) - Soils and miscellaneous areas that have limitations that nearly preclude their use for commercial crop production.
18	NO CLASS OR MISC. LAND

LETTERS INDICATE LIMITATIONS (PROBLEMS) ASSOCIATED WITH THOSE SOILS.

w = WATER PROBLEMS (flooding), **e** = EROSION PROBLEMS, **s** = SHALLOW SOILS (limited root zone, or stony soils)

Formulas for Land Values

According to code 26-26-407 there has been a land value developed for each land capability class providing that there is data to support values. In some cases values have been filled into some classes where there has been cropping activity but data is non-documented.

Code 26-26-407 clearly indicates that the use valuation of land should be used for agricultural lands. This method is otherwise known as the income approach to value. The basic formula for this is:

$$\text{Income} - \text{Cost} = \text{Net Income} / \text{Capitalization Rate} = \text{Land Value}$$

Yields

Data for each soil class was averaged and that yield was used to determine the average productivity for each category.

Crops

Crop Income is based on a ten year market price average for soybeans. To adjust for operating costs a 25/75 rental rate split is assumed with the 25 percent applied as net income.

Pasture

Pasture Income is based on AUM. Animal Unit Months are a measure of forage productivity in the soil surveys.

The value of one animal unit month was developed by:

State Average AUM 6.5

10 yr Pasture Rent Average \$16.22

Example ($\$16.23 / 6.5 = \2.52 per AUM Statewide)

The average AUM for each soil class is multiplied by price per AUM and then divided by the capitalization rate.

Timber

Because of the thirty to forty year growth cycle of marketable timber and the variable growth volumes for each year a discount cash flow model was used to best represent the use value. This model takes into consideration the start up capital for tree planting, herbicidal and fire treatments, as well as income produced through various thinnings of the growth cycle. This results in culmination of information brought back to the present worth of the site.

The timber productivity of each soil is measured by the soils indicator species and site index, as assigned by The Natural Resource and Conservation Service (NRCS). The soils value is then determined by multiplying total acres to determine total value. An example of each is below:

Utilizing the indicator species and the site index as the determining factor for productivity, a discount cash flow determines value for:

Site index greater than 90 is Very Productive	= Pine High Site
Site index of 89 to 70 is Productive	= Medium Pine Site
Site index of 69 to 50 is Marginal	= Low Pine Site
Site index 49 and below is Unproductive	= Min. Land Value \$100
All Hardwood lands	= Hardwood Site Value

Example of weighted value below:

ADC #3 Ozark Region

<i>Total Value</i>	<i>Acres</i>	<i>Species/Index Value</i>
1,455,245	13,200	110.25
134,889	2,766	48.77
273,410	2,480	110.25
142,399	2,920	48.77
2,030,177	18,415	110.25
101,888	621	164.07
153,793	1,395	110.25
161,418	3,310	48.77
137,279	2,815	48.77
2,195,546	19,915	110.25
102,752	2,107	48.77
232,288	2,107	110.25
61,983	1,271	48.77
631,988	3,056	206.80
<u>3,616,726</u>	<u>32,806</u>	<u>110.25</u>
30,281,336	/ 278,199	= 110 rounded

Capitalization Rate for Cropland

Safe Rate	(10 year average on 30 Year T-Bonds)	5.27%
Industry Risk Rate		3.5%
Management Rate		<u>2.00%</u>
Capitalization Rate		10.64%

Capitalization Rate for Pasture

Safe Rate	(10 year average on 30 Year T-Bonds)	5.27%
Industry Risk Rate		3.5%
Management Rate		<u>1.00%</u>
Capitalization Rate		9.64%

Capitalization Rate for Timber

Safe Rate	(10 year average on 30 Year T-Bonds)	5.45%
Industry Risk Rate		2.75%
Management Rate		<u>0.00%</u>
Capitalization Rate		8.14%

Each respective market and the soil data supplied by NRCS has been utilized in the formulation of these values and each region has been treated equally.

DELTA

CROP	AVERAGE SOYBEAN BUSHEL PER ACRE	10 YEAR AVERAGE PRICES RECEIVED BY FARMERS	SUM	75/25 SPLIT	APPLIED CAPITAL- ZATION RATE	ROUNDED TO THE NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
					10.64%				
ACD 1	39	\$6.27	\$244.53	\$61.13	\$574.55	\$575	\$545	\$30	6%
ACD 2	35	\$6.27	\$219.45	\$54.86	\$515.63	\$515	\$490	\$25	5%
ACD 3	18	\$6.27	\$112.86	\$28.22	\$265.18	\$265	\$250	\$15	6%
ACD 4	32	\$6.27	\$200.64	\$50.16	\$471.43	\$470	\$445	\$25	6%
ACD 5	30	\$6.27	\$188.10	\$47.03	\$441.96	\$440	\$420	\$20	5%
ACD 6	14	\$6.27	\$87.78	\$21.95	\$206.25	\$205	\$195	\$10	5%
ACD 7	29	\$6.27	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 8	29	\$6.27	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 9	14	\$6.27	\$87.78	\$21.95	\$206.25	\$205	\$195	\$10	5%
ACD 10	29	\$6.27	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 11	14	\$6.27	\$87.78	\$21.95	\$206.25	\$205	\$195	\$10	5%
ACD 12	31	\$6.27	\$194.37	\$48.59	\$456.70	\$455	\$430	\$25	6%
ACD 13	24	\$6.27	\$150.48	\$37.62	\$353.57	\$355	\$335	\$20	6%
ACD 14	22	\$6.27	\$137.94	\$34.49	\$324.11	\$325	\$305	\$20	7%
ACD 15						\$164	\$156	\$8	5%
ACD 16						\$134	\$128	\$6	5%
ACD 17						\$104	\$99	\$5	5%
ACD 18						\$74	\$70	\$4	6%
							Avg. Diff.	\$19	5%

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

DELTA

PASTURE

	AUM	AVG \$ PER AUM	TOTAL	APPLIED CAPITAL- IZATION RATE	ROUNDED TO NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
				9.64%				
ACD 1	9.9	\$2.61	25.839	\$268.04	\$270	\$255	\$15	6%
ACD 2	8.4	\$2.61	21.924	\$227.43	\$225	\$215	\$10	5%
ACD 3	5.2	\$2.61	13.572	\$140.79	\$140	\$135	\$5	4%
ACD 4	7.4	\$2.61	19.314	\$200.35	\$200	\$190	\$10	5%
ACD 5	7.1	\$2.61	18.531	\$192.23	\$190	\$185	\$5	3%
ACD 6	4.1	\$2.61	10.701	\$111.01	\$110	\$105	\$5	5%
ACD 7	6.7	\$2.61	17.487	\$181.40	\$180	\$175	\$5	3%
ACD 8	5.5	\$2.61	14.355	\$148.91	\$150	\$140	\$10	7%
ACD 9	4	\$2.61	10.44	\$108.30	\$110	\$105	\$5	5%
ACD 10	5.5	\$2.61	14.355	\$148.91	\$150	\$140	\$10	7%
ACD 11	3.5	\$2.61	9.135	\$94.76	\$95	\$90	\$5	6%
ACD 12	8.8	\$2.61	22.968	\$238.26	\$240	\$225	\$15	7%
ACD 13	7.7	\$2.61	20.097	\$208.48	\$210	\$200	\$10	5%
ACD 14	6.2	\$2.61	16.182	\$167.86	\$170	\$160	\$10	6%
ACD 15	4.7	\$2.61	12.267	\$127.25	\$125	\$120	\$5	4%
ACD 16	4.7	\$2.61	12.267	\$127.25	\$125	\$120	\$5	4%
ACD 17	4.7	\$2.61	12.267	\$127.25	\$125	\$120	\$5	4%
ACD 18					\$74	\$70	\$4	6%
						Avg. Diff.	\$8	5%

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

Estimated Timberland Value for Timber Production in Arkansas (High-Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 30 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$ 152	No	\$0	\$152	\$0	\$1,600	\$1,752	
3	Spray	\$ 67	Yes	\$24	\$44	\$188	\$350	\$182	
8	PCT	\$ 80	Yes	\$28	\$52	\$139	\$259	\$143	
18	Fert.	\$ 67	Yes	\$24	\$44	\$39	\$73	\$54	
26	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$367	-	\$75	\$292	\$367	\$2,281	\$2,131	
Annual Expenses:									
Administration/management.:		\$10	Yes	\$4	\$7	\$34	\$62	\$32	
Subtotal (30 yrs.):		\$300	"	\$105	\$195	\$346	\$643	\$387	
Total:		\$667	-	\$180	\$487	\$713	\$2,924	\$2,518	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
16	9.21 (Cords)	\$ 22	\$199	(\$14)	-	\$185	-	-	-
23	3.78 (MBF Doyle)	\$ 381	\$1,442	(\$101)	(\$70)	\$115	\$245	\$360	\$360
30	16.45 (MBF Doyle)	\$ 381	\$6,269	(\$439)	(\$505)	\$1,341	\$642	\$1,478	\$1,478
Total:		-	\$7,909	(\$554)	(\$2,066)	\$5,830	\$0	\$3,764	\$3,764
				(\$2,640)		\$3,880	\$887	\$5,603	\$5,603

¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

Step 4 - Tax Burden on High Site Pine Forest Land

ASSESSMENT COORDINATION DEPARTMENT

Estimated Timberland Value for Timber Production in Arkansas (Medium-Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 32 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant		No	\$0	\$0	\$0	\$0	\$0	
3	Spray		Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT		Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
26	Fert.	-	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$8	Yes	\$3	\$5	\$32	\$60	\$30	
Subtotal (32 yrs.):		\$256	"	\$90	\$166	\$341	\$634	\$369	
Total:		\$256	-	\$90	\$166	\$341	\$634	\$369	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
18	8.03 (Cords)	\$21.57	\$173	(\$12)	-		\$161	-	-
32	13.59 (MBF Doyle)	\$381.13	\$5,180	(\$363)	(\$61)	¹	\$100	\$213	\$314
						¹	\$4,817	-	-
					(\$1,813)		\$3,004	\$0	\$3,004
Total:		-	\$5,353	(\$375)	(\$1,874)		\$3,105	\$213	\$3,318

¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$3,318
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(\$369)
3. Net income before property tax:	\$2,949
4. Present value of net income before property tax:	\$235
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	(\$2.18)
Annual property tax payment:	(\$1.42)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$45)
Total property tax payments per harvest cycle:	\$173
Accrued interest on out-of-pocket tax payments per harvest cycle:	
6. Land value after property tax (adj. for income tax deduction):	\$218

Step 4 - Tax Burden on Medium Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$70	-	\$45	\$173	\$218
Subtotal:	\$70	-	\$45	\$173	\$218
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$375	-	\$244	-	\$244
Federal Income Tax on harvest revenue @ 35.0%	-	\$1,874	\$1,874	-	\$1,874
Subtotal:	\$375	\$1,874	\$2,117	-	\$2,117
Totals:	\$444	\$1,874	\$2,162	\$173	\$2,335
Tax burden as percent of gross revenues:	8.3%	35.0%	40.4%	3.2%	43.6%

Estimated Timberland Value for Timber Production in Arkansas (Low Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 34 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (34 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
				**Interest rate used in computations is: 8.14%					

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
34	(Cords)	\$22	\$0	\$0	-	\$0	\$0	-	\$0
	11.16	\$381	\$4,253	(\$298)			\$3,955	\$0	\$0
	(MBF Doyle)				¹ (\$1,488)		\$2,467	\$0	\$2,467
Total:		-	\$4,253	(\$298)	(\$1,488)	\$2,467	\$2,467	\$0	\$2,467

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$2,467
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$2,467
4. Present value of net income before property tax:	\$165
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$1.53)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$1.00)
Total property tax payments per harvest cycle:	(\$34)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$149
6. Land value after property tax (adj. for income tax deduction):	\$153

Step 4 - Tax Burden on Low Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$52	-	\$34	\$149	\$182
Subtotal:	\$52	-	\$34	\$149	\$182
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$298	-	\$194	-	\$194
Federal Income Tax on harvest revenue @ 35.0%	-	\$1,488	\$1,488	-	\$1,488
Subtotal:	\$298	\$1,488	\$1,682	-	\$1,682
Totals:	\$350	\$1,488	\$1,716	\$149	\$1,864
Tax burden as percent of gross revenues:	8.2%	35.0%	40.3%	3.5%	43.8%

Estimated Timberland Value for Timber Production in Arkansas (MIXED HARDWOOD)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 40 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
17	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (40 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
40	3.42 (Cords)	\$ 23	\$77	(\$5)	-	\$72	\$72	-	-
40	9.78 (MBF Doyle)	\$ 257	\$2,514	(\$176)	(\$27)	\$45	\$45	\$0	\$45
					-	\$2,338	\$2,338	-	-
					1 (\$880)	\$1,458	\$1,458	\$0	\$1,458
Total:		-	\$2,592	(\$181)	(\$907)	\$1,503	\$1,503	\$0	\$1,503

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$1,503
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$1,503
4. Present value of net income before property tax:	\$60
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$0.56)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$0.36)
Total property tax payments per harvest cycle:	(\$15)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$97
6. Land value after property tax (adj. for income tax deduction):	\$56

Step 4 - Tax Burden on MIXED HARDWOOD Site Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$22	-	\$15	\$97	\$111
Subtotal:	\$22	-	\$15	\$97	\$111
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$181	-	\$118	-	\$118
Federal Income Tax on harvest revenue @ 35.0%	-	\$907	\$907	-	\$907
Subtotal:	\$181	\$907	\$1,025	-	\$1,025
Totals:	\$204	\$907	\$1,039	\$97	\$1,136
Tax burden as percent of gross revenues:	7.9%	35.0%	40.1%	3.7%	43.8%

DELTA REGION TIMBER:

Cap Rate= 8.14%

ACD#	Previous Value/Acre	Current Value/Acre	Var/Ac
1	\$55	\$60	9%
2	\$105	\$110	5%
3	\$90	\$95	6%
4	\$100	\$105	5%
5	\$50	\$55	10%
6	\$125	\$130	4%
7	\$75	\$80	7%
8	\$80	\$85	6%
9	\$145	\$150	3%
10	\$110	\$113	3%
11	\$155	\$160	3%
12	\$155	\$160	3%
13	\$195	\$200	3%
14	\$195	\$200	3%
15	\$200	\$205	2%
16	\$235	\$240	2%
17	\$110	\$113	3%
18	\$66	\$68	3%
			4%

DCF's Harvest Volume by Region

<u>Delta Region:</u>		Type of Harvest	Age @ Harvest	Species	Product Classific.	Yield/yr	Units	Total Vol. @ Harvest		Percent Harvested	Harvest Volume
DCF Classification								Harvest			
Marginal Pine Site		Final Hvst	34	Pine	Sawtimber	1.15	cds	39.1		100.0%	11.16
Medium Pine Site		C. Thinning	18	Pine	Pulpwood	1.49	cds	26.8		30.0%	8.03
Medium Pine Site		Final Hvst	32	Pine	Sawtimber	1.49	cds	47.6		100.0%	13.59
High Pine Site		C. Thinning	16	Pine	Pulpwood	1.92	cds	30.7		30.0%	9.21
High Pine Site		C. Thinning	23	Pine	Sawtimber	1.92	cds	44.1		30.0%	3.78
High Pine Site		Final Hvst	30	Pine	Sawtimber	1.92	cds	57.6		100.0%	16.45
Hardwood Land		Final Harvest	40	HDWD	Sawtimber	244.44	bd. ft.	9.8		100.0%	9.78
Hardwood Land		Final Harvest	40	HDWD	Pulpwood	0.09	cds	3.4		100.0%	3.42

OUACHITA

CROP

CROP	AVERAGE BUSHEL PER ACRE	10 YEAR AVERAGE OF PRICES RECEIVED BY FARMERS	SUM	75/25 SPLIT	CAPITALI- ZATION RATE	ROUNDED TO THE NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
					10.64%				
ACD 1	39	\$6.27	\$244.53	\$61.13	\$574.55	\$575	\$545	\$30	6%
ACD 2	31	\$6.27	\$194.37	\$48.59	\$456.70	\$455	\$430	\$25	6%
ACD 3	18	\$6.27	\$112.86	\$28.22	\$265.18	\$265	\$250	\$15	6%
ACD 4	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 5	18	\$6.27	\$112.86	\$28.22	\$265.18	\$265	\$250	\$15	6%
ACD 6	18	\$6.27	\$112.86	\$28.22	\$265.18	\$265	\$250	\$15	6%
ACD 7	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 8	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 9	18	\$6.27	\$112.86	\$28.22	\$265.18	\$265	\$250	\$15	6%
ACD 10	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 11	15	\$6.27	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 12	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 13	20	\$6.27	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 14	20	\$6.27	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 15						\$172	\$164	\$8	5%
ACD 16						\$139	\$133	\$6	5%
ACD 17						\$106	\$101	\$5	5%
ACD 18						\$74	\$70	\$4	6%
							Avg. Diff.	\$20	6%

24

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

ASSESSMENT COORDINATION DEPARTMENT

OUACHITA

PASTURE

	AUM	AVG \$ PER AUM	TOTAL	CAPITAL- IZATION RATE	ROUNDED NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
				9.64%				
ACD 1	8.4	\$2.61	21.924	\$227.43	\$225	\$215	\$10	5%
ACD 2	7.7	\$2.61	20.097	\$208.48	\$210	\$200	\$10	5%
ACD 3	5.1	\$2.61	13.311	\$138.08	\$140	\$130	\$10	8%
ACD 4	6.3	\$2.61	16.443	\$170.57	\$170	\$160	\$10	6%
ACD 5	5.1	\$2.61	13.311	\$138.08	\$140	\$130	\$10	8%
ACD 6	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 7	6.7	\$2.61	17.487	\$181.40	\$180	\$175	\$5	3%
ACD 8	6.1	\$2.61	15.921	\$165.16	\$165	\$155	\$10	6%
ACD 9	3.9	\$2.61	10.179	\$105.59	\$105	\$100	\$5	5%
ACD 10	6.7	\$2.61	17.487	\$181.40	\$180	\$175	\$5	3%
ACD 11	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 12	6.9	\$2.61	18.009	\$186.82	\$185	\$180	\$5	3%
ACD 13	6.4	\$2.61	16.704	\$173.28	\$175	\$165	\$10	6%
ACD 14	5.1	\$2.61	13.311	\$138.08	\$140	\$130	\$10	8%
ACD 15	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 16	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 17	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 18					\$74	\$70	\$4	6%
						Avg. Diff.	\$7	5%

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

ASSESSMENT COORDINATION DEPARTMENT

Estimated Timberland Value for Timber Production in Arkansas (High-Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 30 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$152	No	\$0	\$152	\$0	\$1,600	\$1,752	
3	Spray	\$67	Yes	\$24	\$44	\$188	\$350	\$182	
8	PCT	\$80	Yes	\$28	\$52	\$139	\$259	\$143	
18	Fert.	\$67	Yes	\$24	\$44	\$39	\$73	\$54	
26	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$367	-	\$75	\$292	\$367	\$2,281	\$2,131	
Annual Expenses:									
Administration/management.:		\$10	Yes	\$4	\$7	\$34	\$62	\$32	
Subtotal (30 yrs.):		\$300	"	\$105	\$195	\$346	\$643	\$387	
Total:		\$667	-	\$180	\$487	\$713	\$2,924	\$2,518	
**Interest rate used in computations is: 8.1%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
16	9.21 (Cords)	\$ 24	\$219	(\$15)	-	(\$77)	\$204	-	-
23	3.78 (MBF Doyle)	\$ 428	\$1,619	(\$113)	-	(\$567)	\$1,506	-	-
30	16.45 (MBF Doyle)	\$ 428	\$7,040	(\$493)	-	(\$2,336)	\$6,547	-	-
Total:		-	\$8,878	(\$621)	(\$2,979)		\$4,339	\$991	\$6,269
¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.									

Step 3 - Estimated Timberland Value per Acre

Step 4 - Tax Burden on High Site Pine Forest Land

ASSESSMENT COORDINATION DEPARTMENT

Estimated Timberland Value for Timber Production in Arkansas (Medium-Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 32 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant		No	\$0	\$0	\$0	\$0	\$0	
3	Spray		Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT		Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
26	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$8	Yes	\$3	\$5	\$32	\$60	\$30	
Subtotal (32 yrs.):		\$256	"	\$90	\$166	\$341	\$634	\$369	
Total:		\$256	-	\$90	\$166	\$341	\$634	\$369	
**Interest rate used in computations is: 8.1%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
18	8.03 (Cords)	\$23.76	\$191	(\$13)	-	\$177	-	-	-
32	13.59 (MBF Doyle)	\$428.04	\$5,817	(\$407)	(\$67)	\$111	\$235	\$346	\$346
					-	\$5,410	-	-	-
					(\$2,036)	\$3,374	\$0	\$3,374	\$3,374
Total:		-	\$6,008	(\$421)	(\$2,103)	\$3,485	\$235	\$3,720	\$3,720
¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.									

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$3,720
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(\$369)
3. Net income before property tax:	\$3,350
4. Present value of net income before property tax:	\$267
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	(\$2.48)
Annual property tax payment:	(\$1.61)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$52)
Total property tax payments per harvest cycle:	\$196
Accrued interest on out-of-pocket tax payments per harvest cycle:	
6. Land value after property tax (adj. for income tax deduction):	\$248

Step 4 - Tax Burden on Medium Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>Accrued Interest</u>	<u>Total</u>
Cost-increasing:					
Property taxes on land:	\$79	-	\$52	\$196	\$248
Subtotal:	\$79	-	\$52	\$196	\$248
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$421	-	\$273	-	\$273
Federal Income Tax on harvest revenue @ 35.0%	-	\$2,103	\$2,103	-	\$2,103
Subtotal:	\$421	\$2,103	\$2,376	-	\$2,376
Totals:	\$500	\$2,103	\$2,428	\$196	\$2,624
Tax burden as percent of gross revenues:	8.3%	35.0%	40.4%	3.3%	43.7%

Estimated Timberland Value for Timber Production in Arkansas (Low Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 34 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (34 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.1%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
34	(Cords)	\$24	\$0	\$0	-	\$0	\$0	-	-
	11.16	\$428	\$4,776	(\$334)		\$0	\$4,442	\$0	\$0
	(MBF Doyle)				¹ (\$1,672)	\$2,770	\$2,770	\$0	\$2,770
Total:		-	\$4,776	(\$334)	(\$1,672)	\$2,770	\$2,770	\$0	\$2,770

Step 3 - Estimated Timberland Value per Acre	
1. Total Income including accrued interest on net thinning income to final harvest:	\$2,770
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$2,770
4. Present value of net income before property tax:	\$186
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$1.72)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$1.12)
Total property tax payments per harvest cycle:	(\$38)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$167
6. Land value after property tax (adj. for income tax deduction):	\$172

Step 4 - Tax Burden on Low Site Pine Forest Land	
Cost-increasing:	
Property taxes on land:	
Subtotal:	
Revenue-reducing:	
Arkansas State Income Tax on harvest revenue @ 7.0%	
Federal Income Tax on harvest revenue @ 35.0%	
Subtotal:	
Totals:	
Tax burden as percent of gross revenues:	

Total Tax Payments:		Out-of-Pocket Expenses	
<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>Accrued Interest</u>
\$58	-	\$38	\$167
\$58	-	\$38	\$167
\$334	-	\$217	-
-	\$1,672	\$1,672	-
\$334	\$1,672	\$1,889	-
\$393	\$1,672	\$1,927	\$167
8.2%	35.0%	40.3%	3.5%
			43.8%

Estimated Timberland Value for Timber Production in Arkansas (MIXED HARDWOOD)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 40 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
17	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (40 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
40	3.42 (Cords)	\$ 30	\$103	(\$7)	-	\$95	\$95	-	-
40	9.78 (MBF Doyle)	\$ 280	\$2,741	(\$192)	(\$36)	\$2,549	\$2,549	\$0	\$60
						\$1,590	\$1,590	\$0	\$1,590
Total:		-	\$2,843	(\$199)	(\$995)	\$1,649	\$1,649	\$0	\$1,649

Step 3 - Estimated Timberland Value per Acre	
1. Total Income including accrued interest on net thinning income to final harvest:	\$1,649
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$1,649
4. Present value of net income before property tax:	\$66
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$0.61)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$0.40)
Total property tax payments per harvest cycle:	(\$16)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$106
6. Land value after property tax (adj. for income tax deduction):	\$61

Step 4 - Tax Burden on MIXED HARDWOOD Site Forest Land	
Cost-increasing:	
Property taxes on land:	
Subtotal:	
Revenue-reducing:	
Arkansas State Income Tax on harvest revenue @ 7.0%	
Federal Income Tax on harvest revenue @ 35.0%	
Subtotal:	
Totals:	
Tax burden as percent of gross revenues:	

Total Tax Payments:		Out-of-Pocket Expenses	
<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>Accrued Interest</u>
\$24	-	\$16	\$106
\$24	-	\$16	\$106
\$199	-	\$129	-
-	\$995	\$995	-
\$199	\$995	\$1,124	-
\$224	\$995	\$1,140	\$106
7.9%	35.0%	40.1%	3.7%
			43.8%

OUACHITA REGION TIMBER:

Cap Rate= 8.14%

ACD#	Previous Value/Acre	Current Value/Acre	Var/Ac
1	\$50	\$60	20%
2	\$210	\$225	7%
3	\$50	\$60	20%
4	\$140	\$150	7%
5	\$100	\$106	6%
6	\$140	\$150	7%
7	\$135	\$150	11%
8	\$100	\$115	15%
9	\$165	\$175	6%
10	\$100	\$106	6%
11	\$165	\$175	6%
12	\$205	\$215	5%
13	\$205	\$220	7%
14	\$195	\$210	8%
15	\$175	\$185	6%
16	\$190	\$200	5%
17	\$100	\$106	6%
18	\$70	\$74	6%
			9%

DCF's Harvest Volume by Region

<u>Ouachita Region</u> DCF Classification	Type of Harvest	Age @ Harvest	Species	Product Classific.	Yield/yr	Units	Total Vol. @		Harvest Volume
							Harvest	Percent Harvested	
Marginal Pine Site	Final Hvst	34	Pine	Sawtimber	1.15	cds	39.1	100.0%	11.16
Medium Pine Site	C. Thinning	18	Pine	Pulpwood	1.49	cds	26.8	30.0%	8.03
Medium Pine Site	Final Hvst	32	Pine	Sawtimber	1.49	cds	47.6	100.0%	13.59
High Pine Site	C. Thinning	16	Pine	Pulpwood	1.92	cds	30.7	30.0%	9.21
High Pine Site	C. Thinning	23	Pine	Sawtimber	1.92	cds	44.1	30.0%	3.78
High Pine Site	Final Hvst	30	Pine	Sawtimber	1.92	cds	57.6	100.0%	16.45
Hardwood Land	Final Harvest	40	HDWD	Sawtimber	244.44	bd. ft.	9.8	100.0%	9.78
Hardwood Land	Final Harvest	40	HDWD	Pulpwood	0.09	cds	3.4	100.0%	3.42

OZARK

CROP	AVERAGE BUSHEL PER ACRE	AVERAGE OF PRICES RECEIVED BY FARMERS	SUM	75/25 SPLIT	CAPITALI- ZATION RATE	ROUNDED TO THE NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
					10.64%				
ACD 1	38	\$6.27	\$238.26	\$59.57	\$559.82	\$560	\$530	\$30	6%
ACD 2	31	\$6.27	\$194.37	\$48.59	\$456.70	\$455	\$430	\$25	6%
ACD 3	23	\$6.27	\$144.21	\$36.05	\$338.84	\$340	\$320	\$20	6%
ACD 4	29	\$6.27	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 5	23	\$6.27	\$144.21	\$36.05	\$338.84	\$340	\$320	\$20	6%
ACD 6	15	\$6.27	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 7	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 8	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 9	15	\$6.27	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 10	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 11	15	\$6.27	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 12	28	\$6.27	\$175.56	\$43.89	\$412.50	\$415	\$390	\$25	6%
ACD 13	20	\$6.27	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 14	20	\$6.27	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 15						\$172	\$164	\$8	5%
ACD 16						\$139	\$133	\$6	5%
ACD 17						\$106	\$101	\$5	5%
ACD 18						\$74	\$70	\$4	6%
							Avg. Diff.	\$20	6%

24

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

OZARK

PASTURE

	AUM	AVG \$ PER AUM	TOTAL	CAPITAL- IZATION RATE	ROUNDED TO NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
				9.64%				
ACD 1	9.8	\$2.61	25.578	\$265.33	\$265	\$255	\$10	4%
ACD 2	8	\$2.61	20.88	\$216.60	\$215	\$205	\$10	5%
ACD 3	6.1	\$2.61	15.921	\$165.16	\$165	\$155	\$10	6%
ACD 4	6.3	\$2.61	\$16.44	\$170.57	\$170	\$160	\$10	6%
ACD 5	6.6	\$2.61	17.226	\$178.69	\$180	\$170	\$10	6%
ACD 6	4.4	\$2.61	11.484	\$119.13	\$120	\$115	\$5	4%
ACD 7	6.5	\$2.61	16.965	\$175.99	\$175	\$170	\$5	3%
ACD 8	6.6	\$2.61	17.226	\$178.69	\$180	\$170	\$10	6%
ACD 9	4.2	\$2.61	10.962	\$113.71	\$115	\$110	\$5	5%
ACD 10	6.5	\$2.61	16.965	\$175.99	\$175	\$170	\$5	3%
ACD 11	3.1	\$2.61	8.091	\$83.93	\$85	\$80	\$5	6%
ACD 12	7.8	\$2.61	20.358	\$211.18	\$210	\$200	\$10	5%
ACD 13	6.6	\$2.61	17.226	\$178.69	\$180	\$170	\$10	6%
ACD 14	5.2	\$2.61	13.572	\$140.79	\$140	\$135	\$5	4%
ACD 15	4.4	\$2.61	11.484	\$119.13	\$120	\$115	\$5	4%
ACD 16	3.7	\$2.61	9.657	\$100.18	\$100	\$95	\$5	5%
ACD 17	3.7	\$2.61	9.657	\$100.18	\$100	\$95	\$5	5%
ACD 18					\$74	\$70	\$4	6%
						Avg. Diff.	\$7	5%

SOURCES:

NATURAL RESOURCES AND CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

ASSESSMENT COORDINATION DEPARTMENT

Estimated Timberland Value for Timber Production in Arkansas (High-Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 30 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$ 152	No	\$0	\$152	\$0	\$1,600	\$1,752	
3	Spray	\$ 67	Yes	\$24	\$44	\$188	\$350	\$182	
8	PCT	\$ 80	Yes	\$28	\$52	\$139	\$259	\$143	
18	Fert.	\$ 67	Yes	\$24	\$44	\$39	\$73	\$54	
26	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$367	-	\$75	\$292	\$367	\$2,281	\$2,131	
Annual Expenses:									
Administration/management.:		\$10	Yes	\$4	\$7	\$34	\$62	\$32	
Subtotal (30 yrs.):		\$300	"	\$105	\$195	\$346	\$643	\$387	
Total:		\$667	-	\$180	\$487	\$713	\$2,924	\$2,518	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>		<u>Fed. Income Tax @ 35%</u>	<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Income Tax@ 7%</u>				
16	9.21 (Cords)	\$19.37	\$178	(\$12)	-	\$166	-	-	-
23	3.78 (MBF Doyle)	\$334.23	\$1,264	(\$89)	-	\$103	\$220	\$323	\$323
30	16.45 (MBF Doyle)	\$334.23	\$5,497	(\$385)	(\$443)	\$733	\$563	\$1,296	\$1,296
Total:		-	\$6,940	(\$486)	(\$1,796)	\$5,113	\$0	\$3,317	\$3,317
¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.									
				(\$2,301)		\$4,154	\$783	\$4,937	

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest: \$4,937
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest: (\$2,518)
3. Net income before property tax: \$2,419

OZARK PINEHIGH SITE

4. Present value of net income before property tax:	\$230
5. Annual ad valorem property taxes:	
Property tax rate: 50 mills @ 20% assessment ratio	1.00%
Annual property tax payment:	(\$2.13)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$1.39)
Total property tax payments per harvest cycle:	(\$42)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$137
6. Land value after property tax (adj. for income tax deduction):	\$213

Step 4 - Tax Burden on High Site Pine Forest Land					
	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$64	-	\$42	\$137	\$179
Subtotal:	\$64	-	\$42	\$137	\$179
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$486	-	\$316	-	\$316
Federal Income Tax on harvest revenue @ 35.0%	-	\$2,301	\$2,301	-	\$2,301
Subtotal:	\$486	\$2,301	\$2,616	-	\$2,616
Totals:	\$550	\$2,301	\$2,658	\$137	\$2,795
Tax burden as percent of gross revenues:	7.9%	33.2%	38.3%	2.0%	40.3%

Estimated Timberland Value for Timber Production in Arkansas (Medium-Site Pine)**Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 32 Years):**

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant		No	\$0	\$0	\$0	\$0	\$0	
3	Spray		Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT		Yes	\$0	\$0	\$0	\$0	\$0	
18	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
26	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$8	Yes	\$3	\$5	\$32	\$60	\$30	
Subtotal (32 yrs.):		\$256	"	\$90	\$166	\$341	\$634	\$369	
Total:		\$256	-	\$90	\$166	\$341	\$634	\$369	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net Income</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax@ 35%</u>				
18	8.03 (Cords)	\$19.37	\$156	(\$11)	-		\$145	-	-
32	13.59 (MBF Doyle)	\$334.23	\$4,542	(\$318)	1		\$90	\$192	\$282
							\$4,224	-	-
					1		\$2,635	\$0	\$2,635
Total:		-	\$4,698	(\$329)	1		\$2,725	\$192	\$2,917
¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.									

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$2,917
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(\$369)
3. Net income before property tax:	\$2,547
4. Present value of net income before property tax:	\$203
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$1.88)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$1.22)
Total property tax payments per harvest cycle:	(\$39)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$149
6. Land value after property tax (adj. for income tax deduction):	\$188

Step 4 - Tax Burden on Medium Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$60	-	\$39	\$149	\$188
Subtotal:	\$60	-	\$39	\$149	\$188
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$329	-	\$214	-	\$214
Federal Income Tax on harvest revenue @ 35.0%	-	\$1,644	\$1,644	-	\$1,644
Subtotal:	\$329	\$1,644	\$1,858	-	\$1,858
Totals:	\$389	\$1,644	\$1,897	\$149	\$2,046
Tax burden as percent of gross revenues:	8.3%	35.0%	40.4%	3.2%	43.6%

Estimated Timberland Value for Timber Production in Arkansas (Low Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 34 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (34 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
				**Interest rate used in computations is: 8.14%					

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Income Tax@ 35%</u>				
34			\$0	\$0	-	\$0	\$0	-	-
	11.16	\$334	\$3,729	(\$261)	\$0	\$0	\$3,468	\$0	\$0
	(MBF Doyle)				1 (\$1,305)	\$2,163	\$2,163	\$0	\$2,163
Total:		-	\$3,729	(\$261)	(\$1,305)	\$2,163	\$2,163	\$0	\$2,163

¹ Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre	
1. Total Income including accrued interest on net thinning income to final harvest:	\$2,163
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$2,163
4. Present value of net income before property tax:	\$145
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$1.34)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$0.87)
Total property tax payments per harvest cycle:	(\$30)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$130
6. Land value after property tax (adj. for income tax deduction):	\$134

Step 4 - Tax Burden on Low Site Pine Forest Land	
Cost-increasing:	
Property taxes on land:	
Subtotal:	
Revenue-reducing:	
Arkansas State Income Tax on harvest revenue @ 7.0%	
Federal Income Tax on harvest revenue @ 35.0%	
Subtotal:	
Totals:	
Tax burden as percent of gross revenues:	

Total Tax Payments:		Out-of-Pocket Expenses	
State	Federal	Taxes	Accrued Interest
			Total
\$46	-	\$30	\$130
\$46	-	\$30	\$130
			\$160
			\$160
\$261	-	\$170	-
-	\$1,305	\$1,305	-
\$261	\$1,305	\$1,475	-
			\$1,475
\$307	\$1,305	\$1,505	\$130
			\$1,635
8.2%	35.0%	40.3%	3.5%
			43.8%

Estimated Timberland Value for Timber Production in Arkansas (MIXED HARDWOOD)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 40 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
17	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (40 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
40	3.42 (Cords)	\$ 15	\$52	(\$4)	-	\$48	\$48	-	-
40	9.78 (MBF Doyle)	\$ 234	\$2,288	(\$160)	(\$18)	\$30	\$30	\$0	\$30
					-	\$2,128	\$2,128	-	-
					1 (\$801)	\$1,327	\$1,327	\$0	\$1,327
Total:		-	\$2,340	(\$164)	(\$819)	\$1,357	\$1,357	\$0	\$1,357

Step 3 - Estimated Timberland Value per Acre	
1. Total Income including accrued interest on net thinning income to final harvest:	\$1,357
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$1,357
4. Present value of net income before property tax:	\$54
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$0.50)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$0.33)
Total property tax payments per harvest cycle:	(\$13)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$87
6. Land value after property tax (adj. for income tax deduction):	\$50

Step 4 - Tax Burden on MIXED HARDWOOD Site Forest Land	
Cost-increasing:	
Property taxes on land:	
Subtotal:	
Revenue-reducing:	
Arkansas State Income Tax on harvest revenue @ 7.0%	
Federal Income Tax on harvest revenue @ 35.0%	
Subtotal:	
Totals:	
Tax burden as percent of gross revenues:	

Total Tax Payments:		Out-of-Pocket Expenses	
State	Federal	Taxes	Accrued Interest
			Total
\$20	-	\$13	\$87
\$20	-	\$13	\$87
			\$100
			\$100
\$164	-	\$106	-
-	\$819	\$819	-
\$164	\$819	\$925	-
			\$925
\$184	\$819	\$939	\$87
			\$1,026
7.9%	35.0%	40.1%	3.7%
			43.8%

OZARK REGION:

Cap Rate= 8.14%

ACD#	Previous Value/Acre	Current Value/Acre	Var/Ac
1	\$46	\$47	2%
2	\$160	\$165	3%
3	\$140	\$140	0%
4	\$120	\$120	0%
5	\$70	\$70	0%
6	\$140	\$145	4%
7	\$65	\$65	0%
8	\$105	\$105	0%
9	\$135	\$135	0%
10	\$70	\$71	1%
11	\$130	\$130	0%
12	\$165	\$170	3%
13	\$160	\$160	0%
14	\$140	\$145	4%
15	\$140	\$145	4%
16	\$135	\$140	4%
17	\$74	\$75	1%
18	\$65	\$66	2%
			1%

DCF's Harvest Volume by Region

<u>Ozark Region</u>		Type of Harvest	Age @ Harvest	Species	Product Classific.	Yield/yr	Units	Total Vol. @		Percent Harvested	Harvest Volume
DCF Classification								Harvest			
Marginal Pine Site		Final Hvst	34	Pine	Sawtimber	1.15	cds	39.1		100.0%	11.16
Medium Pine Site		C. Thinning	18	Pine	Pulpwood	1.49	cds	26.8		30.0%	8.03
Medium Pine Site		Final Hvst	32	Pine	Sawtimber	1.49	cds	47.6		100.0%	13.59
High Pine Site		C. Thinning	16	Pine	Pulpwood	1.92	cds	30.7		30.0%	9.21
High Pine Site		C. Thinning	23	Pine	Pulpwood	1.92	cds	44.1		30.0%	3.78
High Pine Site		Final Hvst	30	Pine	Sawtimber	1.92	cds	57.6		100.0%	16.45
Hardwood Land		Final Harvest	40	HDWD	Sawtimber	244.44	bd. ft.	9.8		100.0%	9.78
Hardwood Land		Final Harvest	40	HDWD	Pulpwood	0.09	cds	3.4		100.0%	3.42

SOUTHWEST

CROP

AVERAGE SOYBEAN BUSHEL PER ACRE	10 YEAR AVERAGE PRICES RECEIVED BY FARMERS	SUM	75/25 SPLIT	APPLIED CAPITALI- ZATION RATE	ROUNDED TO THE NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
				10.64%				
ACD 1	36	\$225.72	\$56.43	\$530.36	\$530	\$500	\$30	6%
ACD 2	31	\$194.37	\$48.59	\$456.70	\$455	\$430	\$25	6%
ACD 3	20	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 4	27	\$169.29	\$42.32	\$397.77	\$400	\$375	\$25	7%
ACD 5	20	\$125.40	\$31.35	\$294.64	\$295	\$280	\$15	5%
ACD 6	15	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 7	29	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 8	29	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 9	15	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 10	29	\$181.83	\$45.46	\$427.23	\$425	\$405	\$20	5%
ACD 11	15	\$94.05	\$23.51	\$220.98	\$220	\$210	\$10	5%
ACD 12	27	\$169.29	\$42.32	\$397.77	\$400	\$375	\$25	7%
ACD 13	21	\$131.67	\$32.92	\$309.38	\$310	\$295	\$15	5%
ACD 14	21	\$131.67	\$32.92	\$309.38	\$310	\$295	\$15	5%
ACD 15					\$172	\$164	\$8	5%
ACD 16					\$139	\$133	\$6	5%
ACD 17					\$106	\$101	\$5	5%
ACD 18					\$74	\$70	\$4	6%
						Avg. Diff.	\$18	5%

SOURCES:

NATURAL RESOURCE CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

ASSESSMENT COORDINATION DEPARTMENT

SOUTHWEST

PASTURE

	AUM	AVG \$ PER AUM	TOTAL	APPLIED CAPITAL- IZATION RATE	ROUNDED TO NEAREST \$5	OLD RATE ROUNDED TO THE NEAREST \$5	DIFF	% DIFF
				9.64%				
ACD 1	9.1	\$2.61	23.751	\$246.38	\$245	\$235	\$10	4%
ACD 2	8.1	\$2.61	21.141	\$219.30	\$220	\$210	\$10	5%
ACD 3	6.1	\$2.61	15.921	\$165.16	\$165	\$155	\$10	6%
ACD 4	7.2	\$2.61	18.792	\$194.94	\$195	\$185	\$10	5%
ACD 5	5.2	\$2.61	13.572	\$140.79	\$140	\$135	\$5	4%
ACD 6	5.2	\$2.61	13.572	\$140.79	\$140	\$135	\$5	4%
ACD 7	6.8	\$2.61	17.748	\$184.11	\$185	\$175	\$10	6%
ACD 8	5.5	\$2.61	14.355	\$148.91	\$150	\$140	\$10	7%
ACD 9	4	\$2.61	10.44	\$108.30	\$110	\$105	\$5	5%
ACD 10	5	\$2.61	13.05	\$135.37	\$135	\$130	\$5	4%
ACD 11	4.5	\$2.61	11.745	\$121.84	\$120	\$115	\$5	4%
ACD 12	7.9	\$2.61	20.619	\$213.89	\$215	\$205	\$10	5%
ACD 13	7.2	\$2.61	18.792	\$194.94	\$195	\$185	\$10	5%
ACD 14	6	\$2.61	15.66	\$162.45	\$160	\$155	\$5	3%
ACD 15	4.8	\$2.61	12.528	\$129.96	\$130	\$125	\$5	4%
ACD 16	3	\$2.61	7.83	\$81.22	\$80	\$75	\$5	7%
ACD 17	3	\$2.61	7.83	\$81.22	\$80	\$75	\$5	7%
ACD 18					\$74	\$70	\$4	6%
						Avg. Diff.	\$7	5%

SOURCES:

NATURAL RESOURCES CONSERVATION SERVICE
ARKANSAS AGRICULTURAL STATISTICS

ASSESSMENT COORDINATION DEPARTMENT

PINEHIGHSITE

Estimated Timberland Value for Timber Production in Arkansas (High-Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 30 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$ 152	No	\$0	\$152	\$0	\$1,600	\$1,752	
3	Spray	\$ 67	Yes	\$24	\$44	\$188	\$350	\$182	
8	PCT	\$ 80	Yes	\$28	\$52	\$139	\$259	\$143	
18	Fert.	\$ 67	Yes	\$24	\$44	\$39	\$73	\$54	
26	Fert.		Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$367	-	\$75	\$292	\$367	\$2,281	\$2,131	
Annual Expenses:									
Administration/management.:		\$10	Yes	\$4	\$7	\$34	\$62	\$32	
Subtotal (30 yrs.):		\$300	"	\$105	\$195	\$346	\$643	\$387	
Total:		\$667	-	\$180	\$487	\$713	\$2,924	\$2,518	

47

**Interest rate used in computations is:

8.14%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
16	9.21 (Cards)	\$ 24	\$219	(\$15)	-		\$204	-	-
					(\$77)	1	\$127	\$270	\$397
23	3.78 (MBF Doyle)	\$ 428	\$1,619	(\$113)	-	1	\$1,506	-	-
					(\$567)		\$939	\$721	\$1,660
30	16.45 (MBF Doyle)	\$ 428	\$7,040	(\$493)	-	1	\$6,547	-	-
					(\$2,336)		\$4,212	\$0	\$4,212
Total:		-	\$8,878	(\$621)	(\$2,979)		\$4,339	\$991	\$6,269

¹ Less pro-rated share of Site Prep/Plant Expense and adjusted for fed. tax deduction.

PINEHIGHSITE

Step 3 - Estimated Timberland Value per Acre

1. Total income including accrued interest on net thinning income to final harvest:	\$6,269
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(\$2,518)
3. Net income before property tax:	\$3,751
4. Present value of net income before property tax:	\$357
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$3.31)
Annual property tax payments adjusted for fed. inc. tax deduction:	(\$2.15)
Total property tax payments per harvest cycle:	(\$65)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$213

6. Land value after property tax (adj. for income tax deduction):	\$331
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Step 4 - Tax Burden on High Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses	
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>Accrued Interest</u>
48 Cost-increasing:				
Property taxes on land:	\$99	-	\$65	\$213
Subtotal:	\$99	-	\$65	\$213
Revenue-reducing:				
Arkansas State Income Tax on harvest revenue @ 7.0%	\$621	-	\$404	-
Federal Income Tax on harvest revenue @ 35.0%	-	\$2,979	\$2,979	-
Subtotal:	\$621	\$2,979	\$3,383	-
Totals:	\$721	\$2,979	\$3,448	\$213
Tax burden as percent of gross revenues:	8.1%	33.6%	38.8%	2.4%
				41.2%

SOUTHWEST
PINEMEDSITE

Estimated Timberland Value for Timber Production in Arkansas (Medium-Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 31 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant		No	\$0	\$0	\$0	\$0	\$0	
3	Spray		Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT		Yes	\$0	\$0	\$0	\$0	\$0	
17	Fert.	\$ -	Yes	\$0	\$0	\$0	\$0	\$0	
26	Fert.	\$ -	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$8	Yes	\$3	\$5	\$32	\$60	\$30	
Subtotal (32 yrs.):		\$256	"	\$90	\$166	\$341	\$634	\$369	
Total:		\$256	-	\$90	\$166	\$341	\$634	\$369	

**Interest rate used in computations is: 8.14%

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
18	8.03 (Cords)	\$23.76	\$191	(\$13)	-	\$177	-	-	-
32	13.59 (MBF Doyle)	\$428.04	\$5,817	(\$407)	(\$67)	\$5,410	\$235	\$235	\$346
Total:		-	\$6,008	(\$421)	(\$2,103)	\$3,374	\$0	\$0	\$3,374

¹ Less pro-rated share of Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$3,720
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(\$369)
3. Net income before property tax:	\$3,350
4. Present value of net income before property tax:	\$267
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	(\$2.48)
Annual property tax payment:	(\$1.61)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$52)
Total property tax payments per harvest cycle:	\$196
Accrued interest on out-of-pocket tax payments per harvest cycle:	
6. Land value after property tax (adj. for income tax deduction):	\$248

Step 4 - Tax Burden on Medium Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	Accrued Interest	
Cost-increasing:					
Property taxes on land:	\$79	-	\$52	\$196	\$248
Subtotal:	\$79	-	\$52	\$196	\$248
Revenue-reducing:					
Arkansas State Income Tax on harvest revenue @ 7.0%	\$421	-	\$273	-	\$273
Federal Income Tax on harvest revenue @ 35.0%	-	\$2,103	\$2,103	-	\$2,103
Subtotal:	\$421	\$2,103	\$2,376	-	\$2,376
Totals:	\$500	\$2,103	\$2,428	\$196	\$2,624
Tax burden as percent of gross revenues:	8.3%	35.0%	40.4%	3.3%	43.7%

SOUTHWEST
PINELOWSITE

Estimated Timberland Value for Timber Production in Arkansas (Low Site Pine)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 34 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
19	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (34 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
34	(Cords)	\$24	\$0	\$0	-	\$0	\$0	-	-
	11.16	\$428	\$4,776	(\$334)	\$0	\$0	\$4,442	\$0	\$0
	(MBF Doyle)				1 (\$1,672)	\$2,770	\$2,770	\$0	\$2,770
Total:		-	\$4,776	(\$334)	(\$1,672)	\$2,770	\$2,770	\$0	\$2,770

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$2,770
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$2,770
4. Present value of net income before property tax:	\$186
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	
Annual property tax payment:	(\$1.72)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$1.12)
Total property tax payments per harvest cycle:	(\$38)
Accrued interest on out-of-pocket tax payments per harvest cycle:	\$167
6. Land value after property tax (adj. for income tax deduction):	\$172

Step 4 - Tax Burden on Low Site Pine Forest Land

	Total Tax Payments:		Out-of-Pocket Expenses	
	State	Federal	Taxes	Accrued Interest
Cost-increasing:				
Property taxes on land:	\$58	-	\$38	\$167
Subtotal:	\$58	-	\$38	\$167
Revenue-reducing:				
Arkansas State Income Tax on harvest revenue @ 7.0%	\$334	-	\$217	-
Federal Income Tax on harvest revenue @ 35.0%	-	\$1,672	\$1,672	-
Subtotal:	\$334	\$1,672	\$1,889	-
Totals:	\$393	\$1,672	\$1,927	\$167
Tax burden as percent of gross revenues:	8.2%	35.0%	40.3%	3.5%
				43.8%

Estimated Timberland Value for Timber Production in Arkansas (MIXED HARDWOOD)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 40 Years):

<u>Out-of-Pocket Expenses:</u>									
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>	
0	Prep./Plant	\$0	No	\$0	\$0	\$0	\$0	\$0	
3	Spray	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
8	PCT	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
17	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
24	Fert.	\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal:		\$0	-	\$0	\$0	\$0	\$0	\$0	
Annual Expenses:									
Administration/management.:		\$0	Yes	\$0	\$0	\$0	\$0	\$0	
Subtotal (40 yrs.):		\$0	"	\$0	\$0	\$0	\$0	\$0	
Total:		\$0	-	\$0	\$0	\$0	\$0	\$0	
**Interest rate used in computations is: 8.14%									

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued Interest on Net</u>	<u>Total Income</u>
				<u>Arkansas State Income Tax@ 7%</u>	<u>Fed. Income Tax @ 35%</u>				
40	3.42 (Cords)	\$ 30	\$103	(\$7)	-	\$95	\$95	-	-
40	9.78 (MBF Doyle)	\$ 280	\$2,741	(\$192)	(\$36)	\$2,549	\$2,549	\$0	\$60
					1	\$1,590	\$1,590	\$0	\$1,590
Total:		-	\$2,843	(\$199)	(\$995)	\$1,649	\$1,649	\$0	\$1,649

SOUTHWEST REGION TIMBER:

Cap Rate= 8.14%

ACD#	Previous Value/Acre	Current Value/Acre	Var/Ac
1	\$85	\$100	18%
2	\$205	\$220	7%
3	\$235	\$250	6%
4	\$235	\$250	6%
5	\$100	\$106	6%
6	\$235	\$250	6%
7	\$250	\$265	6%
8	\$50	\$65	30%
9	\$175	\$185	6%
10	\$50	\$60	20%
11	\$165	\$175	6%
12	\$235	\$250	6%
13	\$240	\$255	6%
14	\$230	\$240	4%
15	\$205	\$220	7%
16	\$200	\$210	5%
17	\$100	\$106	6%
18	\$80	\$84	5%
			9%

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	\$1,649
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	\$0
3. Net income before property tax:	\$1,649
4. Present value of net income before property tax:	\$66
5. Annual ad valorem property taxes:	1.00%
Property tax rate: 50 mills @ 20% assessment ratio	(\$0.61)
Annual property tax payment:	(\$0.40)
Annual property tax payment adjusted for fed. inc. tax deduction:	(\$16)
Total property tax payments per harvest cycle:	\$106
Accrued interest on out-of-pocket tax payments per harvest cycle:	
6. Land value after property tax (adj. for income tax deduction):	\$61

Step 4 - Tax Burden on HARDWOOD Site Forest Land

	Total Tax Payments:			Out-of-Pocket Expenses		Total
	State	Federal		Taxes	Accrued Interest	
Cost-increasing:						
Property taxes on land:	\$24	-		\$16	\$106	\$122
Subtotal:	\$24	-		\$16	\$106	\$122
Revenue-reducing:						
Arkansas State Income Tax on harvest revenue @ 7.0%	\$199	-		\$129	-	\$129
Federal Income Tax on harvest revenue @ 35.0%	-	\$995		\$995	-	\$995
Subtotal:	\$199	\$995		\$1,124	-	\$1,124
Totals:	\$224	\$995		\$1,140	\$106	\$1,246
Tax burden as percent of gross revenues:	7.9%	35.0%		40.1%	3.7%	43.8%

DCF's Harvest Volume by Region

<u>SW Region:</u>		Type of Harvest	Age @ Harvest	Species	Product Classific.	Yield/yr	Units	Total Vol. @ Harvest		Percent Harvested	Harvest Volume
DCF Classification								Harvest			
Marginal Pine Site	Final Hvst		34	Pine	Sawtimber	1.15	cds	39.1		100.0%	11.16
Medium Pine Site	C. Thinning		18	Pine	Pulpwood	1.49	cds	26.8		30.0%	8.03
Medium Pine Site	Final Hvst		32	Pine	Sawtimber	1.49	cds	47.6		100.0%	13.59
High Pine Site	C. Thinning		16	Pine	Pulpwood	1.92	cds	30.7		30.0%	9.21
High Pine Site	C. Thinning		23	Pine	Sawtimber	1.92	cds	44.1		30.0%	3.78
High Pine Site	Final Hvst		30	Pine	Sawtimber	1.92	cds	57.6		100.0%	16.45
Hardwood Land	Final Harvest		40	HDWD	Sawtimber	244.44	bd. ft.	9.8		100.0%	9.78
Hardwood Land	Final Harvest		40	HDWD	Pulpwood	0.09	cds	3.4		100.0%	3.42

CROP AND PASTURE RATES

Crop	Pasture
soybean prices	
1999	4.79
2000	4.73
2001	4.37
2002	5.65
2003	7.11
2004	5.88
2005	5.92
2006	6.41
2007	9.02
2008	8.85
	\$6.27 10 yr \$7.20 last 5 yr \$7.55 last 3 yr
Rental Rate Multiplier	25.00%
Crop Cap Rate Multiplier	10.64%
Soybean average price multiplier	\$6.27
Delta States	LA MS Average Reported
1999	15.5 13.5 14.5
2000	14 14 14
2001	16 16 16
2002	16 17 16.5
2003	15 16 15.5
2004	15.5 16.5 16
2005	16.5 16.5 16.5
2006	19 16 17.5
2007	23 18 20.5
2008	27 18.5 22.75
STATE AVERAGE AUM	PASTURE RENT
7.7 DELTA	14.5 1999
5.3 OUACHITA	14 2000
6 OZARK	16 2001
6.8 SOUTHWEST	16.5 2002
6.5 AVERAGE	15.5 2003
	16 2004
	16.5 2005
	17.5 2006
	20.5 2007
	21.5 2008
	16.85 10 yr average 18.4 last 5 avg 19.83333 last 3 avg
AVG AUM RENTAL VALUE PER ACRE	\$2.61
	\$2.61
Pasture Cap Rate Multiplier	9.64%
Capitalization Rate	Safe Rate 10 Year Average of the 30 Year T-Bond Industry Risk Rate Management Rate
	5.14% 3.50% 2.00%
	10.64% 9.64%
	9.64% 9.64%

Timber Mart-South Stumpage Price Data

YEAR	Doyle Pine Sawtimber		Doyle Oak Sawtimber		Doyle Mixed Hardwood		Average Hardwood		Standard Cord Pine Pulpwood		Standard Cord Hardwood Pulpwood	
	<u>Reg. 1</u>	<u>Reg. 2</u>	<u>Reg. 1</u>	<u>Reg. 2</u>	<u>Reg. 1</u>	<u>Reg. 2</u>	<u>Reg. 1</u>	<u>Reg. 2</u>	<u>Reg. 1</u>	<u>Reg. 2</u>	<u>Reg. 1</u>	<u>Reg. 2</u>
1999	\$ 407.31	\$ 317.54	\$ 279.00	\$ 261.75	\$146.50	\$ 159.50	\$ 212.75	\$ 210.63	\$ 18.21	\$ 13.92	\$ 14.65	\$ 11.71
2000	\$ 405.32	\$ 343.14	\$ 286.25	\$ 227.75	\$134.25	\$ 153.25	\$ 230.50	\$ 217.75	\$ 14.37	\$ 13.74	\$ 10.96	\$ 10.05
2001	\$ 347.80	\$ 305.90	\$ 335.50	\$ 279.00	\$161.00	\$ 170.75	\$ 248.25	\$ 224.88	\$ 12.53	\$ 11.06	\$ 18.33	\$ 9.77
2002	\$ 365.09	\$ 322.86	\$ 313.25	\$ 259.75	\$146.00	\$ 151.75	\$ 229.63	\$ 205.75	\$ 12.87	\$ 12.46	\$ 16.37	\$ 12.24
2003	\$ 357.74	\$ 332.95	\$ 350.82	\$ 334.75	\$153.75	\$ 164.88	\$ 252.28	\$ 249.82	\$ 15.47	\$ 13.12	\$ 17.26	\$ 13.96
2004	\$ 403.94	\$ 339.47	\$ 373.75	\$ 331.41	\$163.19	\$ 155.31	\$ 268.47	\$ 243.36	\$ 16.77	\$ 12.40	\$ 19.23	\$ 10.69
2005	\$ 472.12	\$ 367.18	\$ 337.14	\$ 306.25	\$ 256.11	\$ 193.64	\$ 296.63	\$ 249.94	\$ 23.80	\$ 16.51	\$ 31.70	\$ 13.43
2006	\$ 443.09	\$ 364.39	\$ 272.30	\$ 263.64	\$ 210.79	\$ 178.50	\$ 241.54	\$ 221.07	\$ 19.97	\$ 14.04	\$ 24.45	\$ 10.53
2007	\$ 479.60	\$ 336.46	\$ 376.16	\$ 270.64	\$ 260.23	\$ 215.43	\$ 318.19	\$ 243.03	\$ 27.28	\$ 25.89	\$ 34.89	\$ 18.13
2008	\$ 341.44	\$ 263.64	\$ 314.21	\$ 259.26	\$ 238.96	\$ 166.16	\$ 276.59	\$ 212.71	\$ 31.01	\$ 28.03	\$ 39.70	\$ 22.97
5 Year Avg.	\$ 428.04	\$ 334.23	\$ 334.71	\$ 286.24	\$ 225.86	\$ 181.81	\$ 280.28	\$ 234.02	\$ 23.76	\$ 19.37	\$ 29.99	\$ 15.15
5 YEAR AVG	\$ 428.04	\$ 334.23	\$ 334.71	\$ 286.24	\$ 225.86	\$ 181.81	\$ 280.28	\$ 234.02	\$ 23.76	\$ 19.37	\$ 29.99	\$ 15.15
10 YEAR AVG	\$ 402.34	\$ 329.35	\$ 323.84	\$ 279.42	\$ 187.08	\$ 170.92	\$ 257.48	\$ 227.89	\$ 19.23	\$ 16.12	\$ 22.75	\$ 13.35
3 YEAR AVG	\$ 421.38	\$ 321.49	\$ 320.89	\$ 264.51	\$ 236.66	\$ 186.70	\$ 278.78	\$ 225.60	\$ 26.09	\$ 22.65	\$ 33.01	\$ 17.21

NOTES:

FORESTRY RELATED COSTS

Forestry Costs:	2000	2002	2004	2006	2008	5 Year Average
Planting by Hand	0.0641	0.08	0.0668	0.0863	0.1079	
Planting by Machine	0.077	0.11	0.1116	0.1168	0.1386	
Avg	0.07055	0.095	0.0892	0.10155	0.12325	
Cost for 604 tree/ac	\$ 42.61	\$ 57.38	\$ 53.88	\$ 61.34	\$ 74.44	
Site Prep (a)	\$ 93.86	\$ 114.89	\$ 72.59	\$ 82.61	\$ 108.55	
Total Establishment (c)(d)	\$ 136.47	\$ 172.27	\$ 126.46	\$ 143.94	\$ 182.99	\$ 152.43
Spraying	\$ 68.12	\$ 70.18	\$ 69.45	\$ 79.41	\$ 48.82	\$ 67.20
PCT	\$ 82.27	\$ 102.10	\$ 74.98	\$ 58.89	\$ 80.18	\$ 79.68
Fertilization	\$ 43.08	\$ 56.04	\$ 50.08	\$ 77.98	\$ 110.28	\$ 67.49
						\$367

Timber Growth/Yield Information

Pine Yields (1/3)

***** Site Index *****						
<u>Marg. Site</u>		<u>Med Site</u>			<u>High Site</u>	
65	70	80	80	85	90	95
Average Annual Growth (std. cords)						
1.15	1.26	1.36	1.49	1.62	1.77	1.92

Hardwood Yields (2/3):

Species	Site Index	Cubic Ft. Growth	Bd. Ft. per Cub. Ft.	Annual Growth
W. OAK	70	60	4.07	244.44

- Note:
- (1) Sec. 537.25, Subpart C - Ordination System, Productivity Tables, Table 1, Loblolly Pine, Natural Soil Conservation Service, Little Rock, ARK., amended 11/83.
 - (2) Sec. 537.25, Subpart C - Ordination System, Productivity Tables, Cottonwood, Natural Soil Conservation Service, Little Rock, ARK., amended 7/87.
 - (3) Cubic foot volume converted to cords by using 74 cords/cubic feet. The factor of 74 based on 5,200 lbs per cord (Converting Factors for Southern Pine Products, D. L. Williams & W.C. Hopkins, Louisiana State University & USFS Southern Forest Experimental Station). Mart South)