

## TY 2027 Stumpage Value Summary Report

The stumpage value model was built in 2022 by the Tax Policy and Research (TPR) team at the Department of Revenue in consultation with the Forest Land Taxation Advisory Committee to create a reliable, transparent, and repeatable process to value private forest lands in Montana for taxation purposes. Because private landowners are not required to disclose the terms of timber sales, any valuation process must pull data from public sources, i.e., government agencies that manage public forest land. The regression model uses timber sales data from the Montana Department of Natural Resources and Conservation (DNRC) to track winning bid prices (in dollars per thousand board feet) based on various characteristics of the sales. These characteristics, referred to as variables in regression modeling, can be broken down into three categories: zones, price index, and logging costs. The state is broken up into four zones – Northwest, Southwest, Central, and East – to reflect differing forest market conditions due to location and geography. A price index is calculated based on the species breakdown of each sale using mill delivered log price data from the Bureau of Business and Economic Research (BBER) at the University of Montana. And, finally, the cost of logging is factored in, including road construction and maintenance, logging methods, and hauling distance. The model produces a stumpage value in dollars per thousand board feet for each of the four zones based on the variables of the DNRC sales that took place in each respective zone.

### Regression Results

For this two-year reappraisal cycle, DNRC sales in fiscal years 2024 and 2025 were added to the model. Table 1 contains the number of DNRC sales used in the model for each zone and fiscal year. There are few sales in the central zone and almost none in the Eastern zone, which necessitates the use of a regression model as opposed to a simple average of DNRC winning bids.

FY	Northwestern	Southwestern	Central	Eastern
2014	9	6	2	0
2015	11	5	2	0
2016	13	6	2	0
2017	7	6	3	3
2018	11	3	2	3
2019	18	6	0	0
2020	6	10	3	0
2021	6	2	3	0
2022	10	5	2	0
2023	11	8	0	0
2024	12	8	1	0
2025	13	6	1	1
<b>Totals</b>	<b>127</b>	<b>71</b>	<b>21</b>	<b>7</b>

Table 2 contains the updated stumpage value results for each zone based on DNRC timber land sales that took place in FY 2024 and 2025. It also shows the previous eight years of regression stumpage value results and the ten-year Olympic average that will be used in determining the productivity value of forest land for the TY 2027 reappraisal cycle.

Year	NW	SW	Central	East
2025	\$193.58	\$142.32	\$158.52	(\$4.85)
2024	\$202.96	\$147.24	\$170.63	\$37.79
2023	\$211.87	\$174.22	\$168.41	\$50.48
2022	\$235.14	\$201.06	\$193.89	\$61.47
2021	\$259.86	\$234.95	\$205.02	\$46.23
2020	\$194.89	\$169.82	\$176.30	\$9.22
2019	\$217.38	\$165.27	\$185.04	\$48.65
2018	\$228.43	\$175.57	\$172.99	\$37.35
2017	\$200.23	\$152.30	\$150.99	\$32.90
2016	\$202.12	\$159.91	\$152.55	\$34.92
<b>Average</b>	<b>\$211.63</b>	<b>\$168.17</b>	<b>\$172.29</b>	<b>\$37.19</b>

The values decreased in every zone, and three of the four zones saw their lowest values of the past ten years in FY 2025. The East zone continues to be quite volatile and recorded a negative stumpage value

for the first time, meaning it was not economical for foresters to harvest the typical parcel of timber in that region in FY 2025. Instead, a forest landowner would have needed to pay about \$5 per thousand board feet to have their trees thinned or cleared. This is mostly the result of the low price of ponderosa pine in FY 2025. The same is generally true for other regions to a lesser extent: most of the decrease is the result of lower prices for harvested timber – logging and transportation costs remained mostly flat according to DNRC data. The negative stumpage value in the East was dropped from the Olympic average for this reappraisal cycle but may require attention and adjustment if negative values persist for several years.

This report is meant to give a high-level overview of the stumpage value process and results. TPR is happy to provide and interpret the full regression results and calculations upon request.