

COMPARISON OF COMMERCIAL FOREST AND QUALIFIED FOREST PROGRAMS

	COMMERCIAL FOREST	QUALIFIED FOREST***
LEGAL BASIS	Part 511, 1994 PA 451, as amended Administrative Rules R299.2601 – R299.2612 Court Rulings (2) AAG Memos of Advice (2 -1999 and 2011)	2006 PA 378 – QF program 2006 PA 379 – QF Recapture Tax 2006 PA 380 - School Tax
PURPOSE/INTENT	<ul style="list-style-type: none"> o Tax Incentive to promote commercial production of Timber o Required timber harvests are conducted according to silvicultural prescriptions written by a professional forester <p><i>“optimize production, utilization and regeneration of forest resource”</i></p>	<ul style="list-style-type: none"> o Tax incentive to promote timber production and other management goals on “smaller” parcels o Management plan must be written by professional forester <p><i>“forestry practices...and activities undertaken for the management of forest resources other than trees, including wildlife habitat, watersheds & aesthetic features”</i></p>
LANDOWNER PROPERTY TAX INCENTIVE	Assessment = \$0 Specific Tax Roll: \$1.25/acre/year for TY2012-2017 Increases 5 cents/acre every 5 years	Exempt from School Operating Expense portion of millage <ul style="list-style-type: none"> o Portion that goes to State School Aid Fund o Statewide Maximum of 1.8 mills o Same exemption as Principle Residence (PRE) and Qualified Agriculture (QA)
STATE TAX PAYMENT	Annual Payment to County Treasurer of Specific Tax <ul style="list-style-type: none"> o \$1.25/acre for all CF acres in each county From General Fund -Reduced by Legislature for past 3 years: <ul style="list-style-type: none"> o 2009 -2011 by 12% (\$1.06/acre) o 2012 by 9% (\$1.14/acre) 	None
MINIMUM ACRES	40 contiguous acres; Meeting at a point is considered contiguous	20 contiguous acres
PRODUCTIVITY	Not eligible if 50% or more is nonproductive (51% Productive) <ul style="list-style-type: none"> o consider contiguous CF land Not eligible if 25% or more nonstocked, productive (76% stocked) <ul style="list-style-type: none"> o don't consider contiguous CF land 	80% Productive Stocked <ul style="list-style-type: none"> o Consider contiguous QF land
BUILDINGS	Only if used exclusively for commercial forest management activities; Blinds: Permanent hunting blinds are not allowable (per 2011 AAG memo of advice)	Must be vacant; Blinds: Dept of Treasury has stated: As long as the deer blind is of the traditional nature (small, non-habitable, no utilities) it will not be considered a building or a structure whether it is a ground blind or an elevated blind. If the blind is constructed so as to provide sleeping quarters or other amenities, it will be considered a structure.

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OTHER LAND USES	COMMERCIAL FOREST	QUALIFIED FOREST
<p>Not used "in a manner prejudicial to its development as a commercial forest"</p> <p>NO:</p> <ul style="list-style-type: none"> agriculture mineral extraction (except oil & gas) grazing industrial developed recreation residential resort commercial developmental purposes 	<p>Not used "in a manner prejudicial to its development as a commercial forest"</p> <p>NO:</p> <ul style="list-style-type: none"> agriculture mineral extraction (except oil & gas) grazing industrial developed recreation residential resort commercial developmental purposes 	<p>No specific restrictions</p>
<p>MANAGEMENT PLAN</p>	<ul style="list-style-type: none"> o See CF Plan Requirements (IC4168) o Not Transferable to new owner o prescriptions based on industry standards and long accepted forest management practices 	<ul style="list-style-type: none"> o See QF Plan Requirements o Transferable to new owner o Clearly identify the QF land and stands in order to determine 80% productive o prescriptions based on industry standards and long accepted forest management practices
<p>PLAN CERTIFICATION</p>	<p>PR4113 – Forest Management Plan Certification Form</p> <ul style="list-style-type: none"> o Plan Information and Notarized landowner signature 	<p>Is part of landowner certification on application form</p>
<p>OWNERSHIP CHANGE</p>	<p>PR4042-4 – Notification of Ownership Change</p> <ul style="list-style-type: none"> o owner must notify DNR within 30 days of title transfer and include copy of recorded deed o Land remains in CF – new owner must come into compliance or withdraw 	<p>Treasury Form 4508 – Affidavit to Remain in QF</p> <ul style="list-style-type: none"> o Filed with Assessor and County Register of Deeds o Includes Management Plan transfer certification o Prevents taxable value from uncapping at time of transfer o Part 2 of Recapture Tax will be due if/when exemption is rescinded
<p>HARVEST NOTIFICATION</p>	<p>PR4096 – Notification Prior to Cutting, Harvesting or Removal of Forest Products from CF Land</p> <ul style="list-style-type: none"> o Submit to DNR prior to harvest (45-60 days) o DNR verifies harvest is in compliance with management plan 	<p>Form PR4202 – Landowner Annual Report</p> <ul style="list-style-type: none"> o Report any harvests on Annual Report o Submit by May 1st to report on previous calendar year
<p>PUBLIC ACCESS</p>	<ul style="list-style-type: none"> o Reasonable foot access (per court rulings) o Easements – legal, recorded and that public can use 	<p>No public access required</p>

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<p>PUTTING LAND INTO PROGRAM</p>	<p>PR4042 – <i>Application to List Land in CF</i></p> <ul style="list-style-type: none"> o Postmarked not later than April 1st o Fee (DNR) - \$1 per acre - \$200 min, \$1,000 max o COMPLETE: Application, <ul style="list-style-type: none"> ▪ Recorded Deed ▪ Management Plan ▪ Management Plan Certification o DNR Field Review o Public Hearing in County 	<p>Treasury Form 4449 – <i>Claim for Exemption from Some School Operating Expenses...</i></p> <ul style="list-style-type: none"> o Postmarked not later than Oct 1st o \$200 Plan Review Fee (DNR) o \$100 Fee if by 3rd Party Certified & is certified to meet QF requirements o 2 copies of Management Plan (DNR and Assessor) o One (1) parcel number per application form <ul style="list-style-type: none"> o Fee is based on number of plans being reviewed, not the number of application forms o Apply for parcel splits before application
<p>REMOVING LAND FROM PROGRAM</p>	<p>PR4042-2 – <i>Application to Withdraw Land from CF</i></p> <p>Processed continually</p> <ul style="list-style-type: none"> o 6-8 weeks from receipt to completion o Fee (DNR): \$1 per acre; \$200 min, \$1,000 max o Withdrawal Penalty – <ul style="list-style-type: none"> o Based on formula in statute o Paid to Township Treasurer o Distributed in same manner and proportion as <i>ad valorem</i> property taxes o Land remains on CF specific tax roll for the tax year in which it is withdrawn; o Is assessed and returned to <i>ad valorem</i> roll the following tax year 	<p>Treasury Form 4450 – <i>Request to Rescind Exemption</i></p> <ul style="list-style-type: none"> o Submit to Assessor <p>Recapture Tax Due</p> <ul style="list-style-type: none"> o Formula in Statute o Calculated by Dept of Treasury o Deposited into State General Fund o Part 1 (doubled if no harvest while in program) o Part 1 & 2 if an ownership change while in the program
<p>DNR ROLE</p>	<p>Administer the program</p> <ul style="list-style-type: none"> o Review Management Plans o Verify/require implementation of the Plan o Harvest Notifications o Ensure Landowner Compliance o List and withdrawal applications o Ownership Changes o Annual state payment to County Treasurers o Publish maps and descriptions for public 	<p>Review Management Plans and send recommendation to Assessor</p> <p>Track acres approved and volume of timber harvested</p>

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	COMMERCIAL FOREST	QUALIFIED FOREST
LOCAL GOVERNMENT ROLE	<ul style="list-style-type: none"> o Adjust tax rolls o Issue Specific Tax bills o If taxes are delinquent, subject to foreclosure o Receive and distribute specific taxes, withdrawal penalties, and state's annual payment to County Treasurer o Submit Annual Report and Payment to Dept. of Treasury o Can report violations to DNR 	<ul style="list-style-type: none"> o Township Assessor approves or denies applications o Verify land is vacant o Adjust tax roll
COMPLIANCE/ MONITORING	<p>DNR-FRD & LED – landowner compliance</p> <p>DNR-LED – violations by public (under trespass or littering)</p>	<ul style="list-style-type: none"> o No real provisions in statute o Assessor can remove exemption if “<i>believes land is no longer qualified forest</i>”
PENALTIES	<ul style="list-style-type: none"> o Misdemeanor – any violation o Felony - if harvest more than \$2,500 timber value without prior notification 	<ul style="list-style-type: none"> o After 90 days, daily penalty if change in use and still receiving exemption
SUMMARY OF LANDOWNER RESPONSIBILITIES	<ul style="list-style-type: none"> o Management Plan – must have and implement o Management Plan Certification o Not deny public access for (acts of) hunting and fishing o Prior Notification of Harvest o Ownership Change Notification o Pay Specific Tax 	<ul style="list-style-type: none"> o Management Plan – must have and implement o Annual Report – by May 1st each year for previous year o No buildings

CONSERVATION EASEMENT ON COMMERCIAL FOREST LAND (PART 512)

LEGAL BASIS	Part 512, 1994 PA 451, as amended
PURPOSE/INTENT	Additional Tax Incentive for CF land that is subject to a “ <i>sustainable forestry conservation easement</i> ”
PROPERTY TAX INCENTIVE	<p>Specific Tax is \$0.15 less per acre</p> <ul style="list-style-type: none"> o \$1.10 per acre per year for TY2012-2017 o Will increase 5 cents every 5 years, as CF tax increases
REQUIREMENTS	<ul style="list-style-type: none"> o Land already in CF and in compliance o Easement is granted in perpetuity to state, local government or 501(c)(3) o The land or the manager of the land is certified under sustainable forestry certification program that uses 3rd party auditors and is recognized by the department o Provides for non-motorized recreational use by the public