



# **FAIR FOREST TAX**

**VOTE 'YES' ON AMENDMENT 3**

**AMENDMENT 3** addresses several issues with the valuation of timberland for property taxation purposes.

- ✓ **UNIFORMITY:** Establishes a new class of land that is assessed at fair market value as determined by the Department of Revenue
- ✓ **CONSERVATION:** Increases the acres eligible for conservation under the Forest Land Protection Act
- ✓ **FUNDING:** Maintains Local Assistance Grants for counties and schools under the Forest Land Protection Act



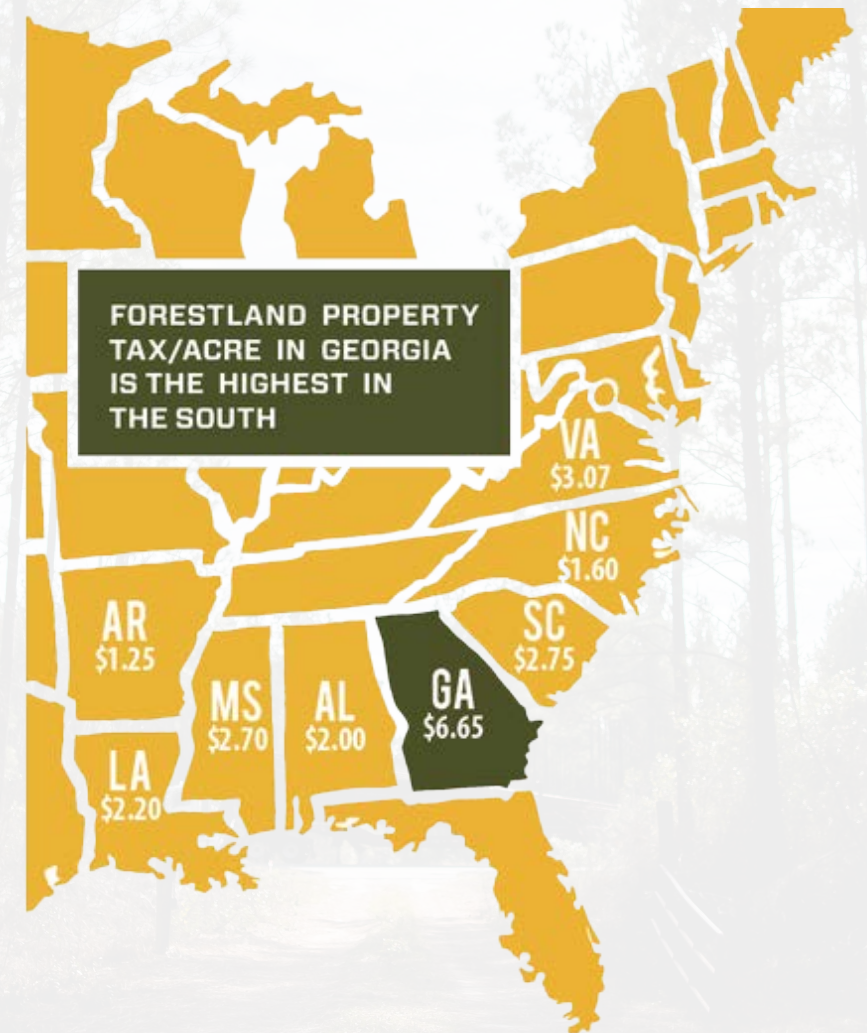
**UNIFORMITY:** Establishes a new class of land that is assessed at fair market value as determined by the Department of Revenue

## PROBLEM

- » It takes between 25-40 years for trees to reach a level of marketability. Property taxes are due annually. This is a disincentive if taxes are too high
- » Conservation programs (i.e. Conservation Use Valuation Assessment (CUVA) and FLPA) do not work for every landowner
- » 4.7 million acres of “Rural Woodlands” (not under conservation programs) pay \$15.42 annually per acre on average

## AMENDMENT 3 SOLUTION

- » Establishes a new class of land that is assessed at fair market value as determined by the Department of Revenue (rather than 159 different county tax assessors)
- » Land must be at least 50 acres and managed for bona fide timber production
- » No covenant is required
- » Owner must file an annual eligibility certification



\*Statewide property tax per acre average including conservation programs

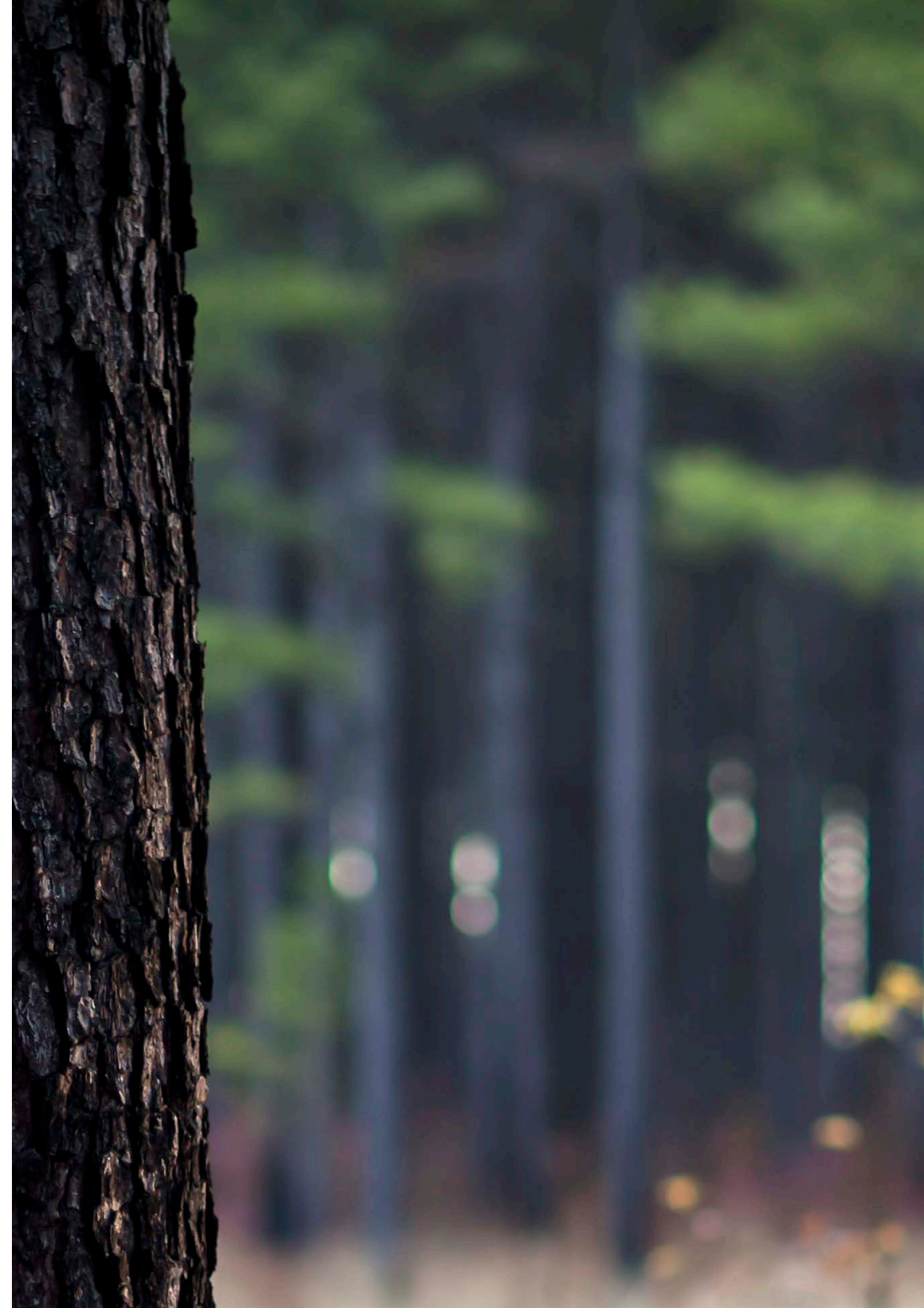
**CONSERVATION:** Increases the acres eligible for conservation under the Forest Land Protection Act (FLPA)

## **PROBLEM**

- » There are more than 4.7 million acres of timberland that are not enrolled in a conservation incentive program, such as Conservation Use Valuation Assessment (CUVA) or FLPA.
- » They pay on average \$15 per acre in ad valorem taxes. These acres are at the highest risk of conversion to other uses.
- » Currently, land enrolled in FLPA must be 200 contiguous acres and landowners must sign a 15-year covenant

## **AMENDMENT 3 SOLUTION**

- » Under this legislation, an aggregate of 200 acres across the state may qualify (if parcels exceed 100 acres in any given county)
- » Also, the covenant length for the program is reduced to 10 years (to make more attractive for conservation land)





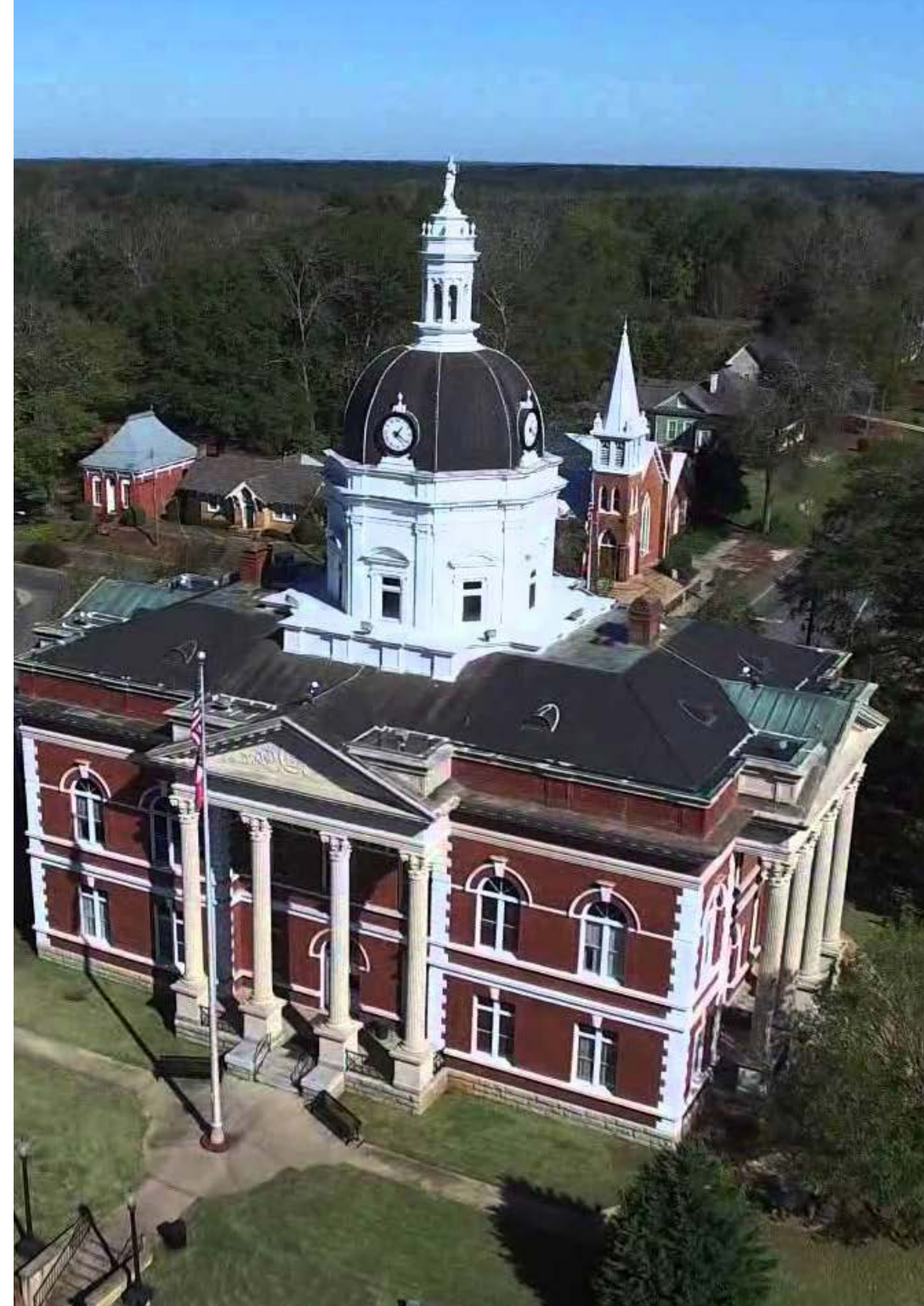
**FUNDING:** Maintains Local Assistance Grants for counties and schools under the Forest Land Protection Act

## **PROBLEM**

- » Current formula uses 2008 as the base year for determining fair market value (FMV)
- » Resulted in unfair over and under payments in Local Assistance Grants

## **AMENDMENT 3 SOLUTION**

- » Updates the FMV base year
- » Counties and school boards will continue to receive local assistance grants
- » A five-year phase in mechanism will be established to ease the transition for counties and school boards that have received unfair over payments



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