

Comparison of Property Tax Incentive Programs in Georgia

Overview

At GFA, we often receive questions regarding property tax incentive programs available to landowner in Georgia and confusion on which program best suits a landowners asset and goals.

Property owners have voiced concern over their property values increasing, resulting in higher tax bills. Due to these question, we created this brief side-by-side comparison of the restrictions and benefits of the available tax programs. Currently, there are 4 property tax incentive programs available to landowners in Georgia. Conservation Use Assessment (CUVA), Forestland Protection Act (FLPA), Qualified Timberland Property (QTP), and Agricultural Preferential Assessment.

Each program differs slightly and is tailored to address different landowner needs. A short breakdown of each program is included below.

Conservation Use Valuation Assessment (CUVA)

Also referred to as Current Use Valuation Assessment. This is the second conservation tax program in Georgia, taking effect January, 1 1991 to address the fair market value issues within the Agricultural Preferential Assessment Program. CUVA assesses property value as continued conservation use rather than highest and best use (development).

- The program operates on a 10-year covenant with the county
 - Landowners must maintain the qualified use for the duration of the contract
- Only available to qualified landowners
 - Qualification determined by property history, area, topography, merchantability, and other factors
 - Property must be owned by one of more citizens, a trust of which beneficiaries are citizens, family farm entity, non-profit organizations, non-profit clubs organized for pleasure and recreation
- Land may be used for Agriculture or Forestry along with conservation of environmentally sensitive areas
 - Residential Transitional Property is also defined for Current Use Valuation but is not considered a Conservation Use Property
- The program implements a 4,000 ([If HR 32 Passes](#)) acre maximum acreage for a single taxpayer
 - However, landowners may also have up to 2,000 other acres in Ag. Pref.
 - Landowners are allowed a 1-time, penalty free, transition from Ag. Pref. to CUVA
 - Multiple covenants are allowed in multiple counties, totaling up to 2,000 acres
 - Improvements (barns) are included at fair market value
 - Residence And Underlying Property Are Excluded

- There is a minimum of 10 acres required
 - Some counties have increased the minimum to 25 acres
 - <10 acres must submit additional proof of conservation use unless filing with the IRS a 1040 Schedule E or Schedule F (or Form 4835, if applicable)
- Tax savings over fair market value can be in excess of 75% depending on situation
- There is a penalty for withdrawing the land from the covenant before the contract ends.
 - Penalty is twice the tax savings during that covenant period plus interest on the entire tract
- After any change of ownership, the landowner must reapply and continue the existing covenant
- When applying for the program, the landowner should provide evidence of the property's use such as a management plan, lease, farming income, etc.
- Several changes have been made to include provisions for hunting leases, weddings, non-profit rodeos, agritourism, and others.
 - However, 1/2 or more of the property must be utilized for the qualifying purpose
- Valuation tables for Georgia: (Insert URL)
 - Conservation Use tables of values, and the total value of the covenant increases or decreases are restricted to a maximum of 3% per year with a maximum change of 34.39% during the 10-year covenant
- More detail: https://dor.georgia.gov/conservation-use-assessment-information#conservation_use

Forestland Protection Act (FLPA)

Established in 2008 and taking effect in 2009, this program provides a special assessment and taxation of forestland conservation. The program operates similar to CUVA, but is targeted towards more large-scale operations. (Super CUVA) .

Prior to 2019, the FLPA properties had to be a minimum of 200 contiguous acres: According to Georgia Code § 48-5-7.7(b) (1) "Contiguous" means real property within a county that abuts, joins, or touches and has the same undivided common ownership. If an applicant's tract is divided by a county boundary, public roadway, public easement, right of way, natural boundary, land lot line, or railroad track, then the applicant has, at the time of the initial application, a one-time election to declare the tract as contiguous irrespective of a county boundary, public roadway, public easement, public right of way, natural boundary, land lot line, or railroad track.

- Similar to CUVA, this program operates on a 10-year covenant
- FLPA removes the 2,000 acre cap under CUVA
- 1/2 or more of the property must be utilized for the qualifying purpose
- Owners are allowed a 1 time transfer of conservation programs from Ag Pref or CUVA to FLPA or from FLPA to CUVA.
- Property Ownership consists of any individual, individuals, or entity registered to do business in Georgia
 - Expands eligibility to corporate owners vs CUVA

- Breach of contract on partially sold land does not constitute a breach on the full acreage originally enrolled
 - Penalty and interest does not apply to the transferring owner if breach occurs due to actions taken by acquiring owner
 - Breach penalty is assessed as twice of total tax savings for each completed and partially complete covenant year, plus interest (1% per month accrues from the date of the breach)
 - If only part of the property is breached, the penalty should be adjusted by the percentage
 - Penalty paid by party causing the breach
- FLPA realizes the same tax savings and utilizes the same value table as CUVA
- Farm buildings are not included in the covenant, unlike CUVA
- Primary use restrictions: Good faith subsistence or commercial production of trees, timber, or other wood and wood fiber products from or on the land
 - Includes land conservation and ecological forest management
 - Secondary uses include wildlife management, carbon sequestration, mitigation/conservation banking, and ecosystem products and services
- If there is any change of ownership, the landowner must reapply and continue the existing covenant
- Minimum forestland acreage requirement of 200 acres or more in aggregate statewide with 100 or more acres in any one county
 - Partial ownership transfer may permit less than 200 acres
 - More detail: <https://dor.georgia.gov/georgia-forest-land-protection-act>

Qualified Timberland Property (QTP)

This law was passed in 2018 and took effect in 2019. QTP differs from the aforementioned CUVA and FLPA in that the law creates a separate class of real property (Qualified Timberland Property). Overall, the law improves uniformity of timberland property taxation and is attractive to property owners in areas under development pressure.

- Designates a separate class of real property.
- QTP property is reserved solely for timberland managed for timber production
 - For-profit timber production must be listed as the primary activity
 - Landowners must show consistent effort of forest management
 - Properties are certified by the DOR commissioner
- Property ownership under QTP is classified as any individual, individuals, or entity registered to do business in the state.
 - Such qualified owner:
 - (A) Submits a list of all parcels to the commissioner that contain timberland property and that identify the specific portions of such parcels that such owner certifies are timberland property; and
 - (B) Certifies that such timberland property is used for the bona fide production of trees and that:
 - (i) There is a reasonable attainable economic salability of the timber products within a reasonable future time; and
 - (ii) The production of trees is being done for the purpose of making a profit and is the primary activity taking place on the property

- This program has no long-term covenants, and is assessed on a year to year basis
- Landowner application and certification is done via Georgia Tax Center
 - QTP affidavit required for each parcel
- Assessed at 40% of FMV
 - FMVs established by Department of Revenue Annually through confirmation of market and income approach
 - No less than 175% of FLPA value
- The timberland property must be at least 50 Contiguous acres

Agricultural Preferential Assessment

This was the first tax incentive program developed, taking effect on April 8, 1983. This program is available for both Agriculture and Forestry and can benefit certain landowner situations. However, this program will likely soon go to the wayside because CUVA is far superior.

- This program operates on a 10-year covenant.
- Land may be used for Agriculture or Forestry
- There is a 2,000 acre maximum.
- No acreage minimum.
- Residence and surrounding lot not included
 - Storage or Processing building included up to fair market value of \$100,000
- Property is generally assessed at 40% of fair market value
- The Ag Preference sets appraisal at 75% of the fair market value.
 - This appraised value is then subject to the 40% assessment like other real property
 - The resulting assessed value is multiplied by the county's millage rate
 - Results in ~25% savings versus Fair Market Value
- Landowners must meet specific qualifications:
 - Owned by one of more citizens or a family farm corp with 80% or more gross income from Georgia Ag
 - There is a penalty for withdrawing the land from the covenant
 - Penalty is based on the tax savings during that year multiplied by a factor based on the year the breach took place in the contract
- Property must maintain the qualified uses for 10 years
 - Qualified Uses include: Horticultural, Floricultural, Livestock, Forestry, Dairy, Poultry, Apiarian, All other forms of farm products
- Determination of value relies on the FMV system which displays bias to highest value use in certain areas of the state. Increased values established by tax assessors in certain areas reduce the intended tax benefit for landowner.

Qualified Timberland Property (QTP):

Georgia Landowner Tax Program Comparison	Conservation Use Assessment (CUVA)	Forest Land Protection Act (FLPA)	Qualified Timberland Properties (QTP)	Agricultural Preference
Acreage Structure	Minimum: 10-25 Acres Maximum: 2,000 Acres	Minimum: 200 Acres Maximum: No Cap	Minimum: 50 contiguous acres Maximum: No Cap	Minimum: No Minimum Maximum: 2,000 acres
Contract Length	10 Years	10 Years	1 Year	10 Years
Tax Savings System	Addresses Fair Market Value by use of Regional Valuation Tables for eligible conservation uses.	Addresses Fair Market Value by use of Regional Valuation Tables for eligible conservation uses.	Designates separate class of real property assessed at 40% of Fair Market Value (no less than 175% FLPA value)	Sets property appraisal at 75% of Fair Market Value
Ownership Requirement	Ownership must be by one or more citizens, a trust, family farm entity, or non-profit	Owned by any individual(s), or entity registered to do business in GA (expands ownership to corporate owners)	Owned by any individual(s), or entity registered to do business in GA (expands ownership to corporate owners)	Owned by one or more citizens or family farm with 80% or more gross income from Georgia Agriculture
Farm Building Included?	Yes, at Fair Market Value	No	No	Up to Fair Market Value of \$100,000
Penalty for Early Withdrawal?	Yes	Yes	No	Yes
Qualified Land Use	Agriculture or Forestry along with conservation of environmentally sensitive areas. (Residential Transitional Property included)	At least 1/2 of property used for subsistence or commercial production of trees, timber, or fiber products (includes conservation and ecological management)	Timberland Property used for the bona-fide production of trees and done for purpose of profit as primary activity	Horticultural, Floricultural, Livestock, Forestry, Dairy, Poultry, Apiarian, and all forms of farm products

This document should act as a general guide and comparison of property tax incentive programs for landowners in Georgia. This is not a legal document nor should serve as a substitute to the advice of a tax professional. If you have questions, please do not hesitate to contact Director of Membership & Grassroots Advocacy Tim Miller at tim@gfagrow.org for more information.

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