Using taxation to maintain Minnesota's forestland base

As noted earlier, tax policies, in conjunction with the many other tools addressed in this report, are often used by governments to attempt to influence forest landowner behavior. These policies vary across the country, mirroring the diversity of our federal, state and local tax structures. These tax policies generally give favorable or preferential treatment for forestland owners. This may include a reduction in the amount of property tax paid, a rebate of taxes already paid, favorable income tax and capital gains treatment regarding various forest practices and activities, reduced estate taxes, and other favorable treatment of forestland. Some of these policies or programs have been in place for many years (more than a century) and new ones are created every year. These policies are created for many reasons, but are most often meant to encourage certain landowner behavior and accomplish public goals such as protecting water quality or wildlife habitat, sustaining the flow of raw materials to the primary forest products industry or encouraging the retention of large blocks of contiguous forestland. These myriad policies are addressed below, with an emphasis on property tax policy.

Property taxation

The property tax, brought to the United States from Europe, is a tax on real property that generally includes land, improvements to land such as a house and personal items such as a car. These taxes are most commonly a local source of revenue (e.g. county, municipal, school district), but are often controlled at the state level. This type of tax was established because land and other property was thought to be a reliable measure of one's wealth[1] and has been used as a significant source of government revenue in the United States for the past 300 years. Over the last 100 years, there have been many concerns regarding the regressive nature of the property tax. Compounding its regressive nature, the annual property tax is levied on forestland despite the fact that it may often be fifty years or more, if at all, before the owner realizes any income from the land, in contrast to what generally occurs on agricultural land.

Reacting to these problems, as well as other public policy concerns, states across the country have initiated preferential property tax programs for a host of land uses and types, including agricultural and forestland owners. Preferential forestland property tax programs and classifications have existed in the U. S. since the 1860s. Generally, early programs either completely exempted forestland from taxation or delayed the payment of the tax until income was realized from the land after a timber harvest. More recently, every state in the country has adopted some sort of preferential forestland property tax program, mostly in some form of a current use tax. A current use tax, in general terms, is a tax that is based on the value of the land according to its current use, such as forestry or agriculture, often not its highest and best use value. The first of these types of programs adopted in the forestry sector was in Maryland in 1956[2].

Preferential forestland property taxation in Minnesota

Minnesota employs a combination of taxes and programs that apply to forestlands and activities on those lands. Minnesota has constructed its property tax structure to address some of the shortcomings discussed above about this regressive nature. Minnesota, as many other states, uses a multi-tiered tax structure, taxing different land uses or land types at different rates. To further address the regressive nature of the property tax, the state employs a progressive property tax refund policy.

Minnesota employs a number of preferential property tax programs or classifications that apply to forestland. Most prevalently, the state administers the Sustainable Forest Incentive Act (SFIA), a property tax rebate program. The state has also recently created a new tax classification, 2C-Managed Forestland, which reduces the tax burden on enrolled lands with a reduced tax rate. The third forest related program, which is currently under development, is the Rural Preserve Program, enacted into law in 2009 to complement changes made to the Green Acres Program, which is mainly an agricultural preferential property tax program.

Sustainable Forest Incentives Act

In Minnesota, the most widely used preferential property tax program for forestland is the program created by the Sustainable Forestry Incentives Act of 2001, widely known as SFIA. Although not a true preferential property tax program, as the landowner annually pays full property taxes, a qualified landowner receives a per acre rebate payment as a result of enrollment from the Minnesota Department of Revenue, which administers all aspects of the program except for recording the covenant. In order to qualify, the owner must enroll a minimum of 20 contiguous acres, of which at least 50 percent is forested, that do not contain improvements for purposes other than sustainable forest management. The program requires the landowner to obtain a forest management plan and to use the Minnesota Forest Resources Council's site-level forest management guidelines. The enrollee must place a covenant on the property, reflecting a minimum enrollment period of eight years, which becomes a rolling four year period after the initial four years. This means the landowner needs to notify the Department of Revenue of the intent to withdraw four years in advance of the actual withdrawal date. Those owners enrolling in the program with holdings greater than 1,920 acres must allow public access on their land for non-motorized recreation. As of 2008, this requirement only pertained to nine program participants, but accounted for public recreational access on 559,639 acres. Total enrollment in the program as of 2008 is 892,577 acres, corresponding to 12 percent of the total private forestland in the state. Note that the two largest landowners enrolled in the program account for 52 percent of the total enrolled acreage.

After fulfilling the above requirements, enrollees pay their property taxes and receive a per acre payment from the state. From 2002 to 2008, the SFIA incentive payment to landowners has increased from $3.19 per acre to $8.74 per acre. With the increase in payment and modest increases in enrollment, the total payout from the state has increased from $1.6 million to $6.9 million[3] over that some time period.

Issues:

The SFIA program has not been as successful as many had originally envisioned. A recent study indicated that only two percent of eligible family forest land was enrolled in the program[4]. This section provides a discussion about the most substantial challenges facing the SFIA program.

Awareness. Many believe that one of the main reasons the program lacks better enrollment is due to a limited amount of publicity. A 2007 survey of family forest owners in Minnesota demonstrated that only 23 percent of these owners were aware of the SFIA program before receiving the survey[5].

Payment. The SFIA annual payment, though more than doubling over the last seven years, is quite small in comparison to land development values, especially in places where the likelihood of parcelization is greatest. In the same survey identified in the previous paragraph, the author queried family forest owners about their willingness to enter the program as it relates to the amount of the incentive payment. The author found that it would take a $24 per acre payment (almost three times the current payment level) to attract 50 percent of family forest owners[6].

Program requirements. As noted above, the SFIA has a number of program requirements that enrollees need to fulfill. A number of these elements may be the reason that landowners would require such a high payment to enroll, as indicated in the previous payment section. A family forest survey found that landowners especially chafe at the need for a four year advance notice to withdraw from the program and, even more so, the need for a covenant or restriction on the deed[7].

There is a long tradition of public recreational access to Minnesota forestland. Many of the traditional industrial forest landowners and other corporate holders allowed for public recreational access to their lands over many decades. The law preceding the SFIA, the Tree Growth Tax Law, required a landowner to allow recreational public access to enroll. At the time, this requirement was cited as being one of the reasons for the limited use of this program. As noted in the program description, only nine forestland owners have enrolled more than 1,920 acres in the SFIA program, requiring non-motorized public access to enrolled lands totaling more than half a million acres. Unlike in some states, there is no program premium for allowing public access to enrolled land.

A study conducted at the University of Minnesota found that over 70 percent of landowners already post their land to prevent public access. However, in the same study, 57 percent of respondents said they would or would consider giving hunters access to their lands. The study noted that up to 20 percent of landowners would consider allowing public access for $5/acre payment and over half would consider allowing access for a $30/acre payment[8]. As a point of reference, enrollees in Wisconsin's Managed Forest Law are offered a payment enhancement differential for those that choose to allow public access. Less than half of the acres enrolled are open to public recreational access, yet those allowing access make up a substantial acreage of more than 1.2 million acres of forestland.

Targeting. Although not explicitly mentioned in statute as a goal of the SFIA program, maintenance of the forestland base in Minnesota is an important outcome from the SFIA. The SFIA program is not targeted toward any particular type of ownership or land use. The SFIA is simply aimed at private forestland owners across the state, regardless of parcelization or development pressure.

<u>2C – Managed Forest Land</u>

The 2C is a standard tax property rate deduction for those landowners who fulfill the required elements of the tax class. The 2C classification lowers the class rate of eligible properties from 1.00 percent to 0.65 percent. Similar to the SFIA, eligibility requires enrolling at least 20 acres of forestland and also requires a forest management plan. The tax classification has an annual renewal with no recorded covenant. The maximum acreage allowed to be enrolled by one owner is 1,920 acres and none of the enrolled property is required to allow public access. Unlike SFIA, the 2C classification directly decreases the amount of tax owed by an enrollee. As of September of 2008, 47,201 acres have been enrolled in the 2C classification.

Awareness. As this tax classification is relatively new, established in 2008, there have been no comprehensive attempts to assess taxpayer awareness of the 2C program. The 2C classification is part of the tax structure and not an additional program, which may help in making landowners more aware of this classification.

Payment. The 2C classification is a normal part of the assessment and taxation process in each county. Therefore the reduction in taxes is dependent on the local levy and the prominence of the other taxation classes. This fact also makes it a much more laborious task for county assessors. This may also lead to unintended consequences as the distribution of the property taxes may change, but not the amount of the levy.

Program requirements. Several of the program elements from the SFIA program are requirements of the 2C classification, such as having a management plan and minimum acreage. Other elements of the SFIA, such as a recoded covenant and a multiple year commitment, are not part of the 2C classification and may make it more appealing to some landowners. The lack of a multiple year commitment however, does not guarantee a continued flow of public and private benefits from enrolled lands.

Rural Preserve Program

This is a new tax program meant to accommodate some of the changes made to the Green Acres tax program that were made in 2008. This program is still under development and will be fully rolled out in 2011. The program will require a minimum of 10 acres of rural vacant land and a ten-year recorded covenant. The program will also require a conservation plan, but not public access. The land will in turn be taxed at the current use value, not the estimated market value.

Other preferential property tax programs

There are a number of other preferential property tax programs in Minnesota, including the Green Acres program, the Metropolitan Agricultural Preserves Program and the Agricultural Land Preservation Programs. There are also a number of preferential classifications similar to 2C for other land uses such as small resorts or homesteaded agricultural land.

It is important to note that Minnesota has a fairly complicated preferential property tax scheme. This has the potential to confuse landowners, potentially making the programs less effective and under-utilized. However, these various options do offer choices to landowners, as one program may be more appealing than another. That being said, from a theoretical taxation perspective, the program which provides more or continued public benefits should be coupled with the bigger taxation benefits for the landowner.

Preferential tax treatment of forest lands in other states (see Table at the end of this section)

All 50 states use at least one preferential forestland property tax program, with some states employing more than one. Most of these programs are some variation of a current use tax program, meaning that the taxable value of the land is based on the current use (e.g. forestry or agriculture), not the highest and best use or market value. Some of the current use values used in preferential forest property taxes are based on forest or soil productivity classes. A number of states also couple a severance or yield tax with the current use tax, which is collected at the time of timber harvest. A number of other states employ a flat tax, most often coupled with a yield tax. A few states simply exempt certain types of land, including forestland, from any property taxation.

As demonstrated in the section reviewing Minnesota's preferential property tax programs, many states have a number of eligibility requirements for enrolling in their respective preferential forest property tax programs. Almost one-third of the programs nationwide have no minimum or maximum acreage requirements for enrollment. Those programs that do have an acreage requirement, generally have a minimum acreage requirement which varies across the country and ranges from one to 40 acres, with an average of 12 acres required for enrollment. A few programs, aimed at family forest land, have a maximum allowable acreage, ranging from 160 acres to 5,000 acres. About one-third of the programs have some level of stocking or productivity requirement. Some of these stipulations are based on local judgment regarding conditions, others use stocking level percentages or a specified number of trees per acre for eligibility purposes.

Just as the SFIA and 2C classification in Minnesota require management plans, over 40 percent of programs around the country require some sort of forest management plan as a condition of enrollment. The detail and amount of information required, as well as the level of incentives or enforcement to follow the management plan, vary greatly. At least one-quarter of the programs require an enrollment period greater than one year, ranging from 2 to 50 years. Many of these programs, even some with an annual enrollment, have penalties for withdrawal, especially early withdrawal from those programs that require a multiple year commitment. These penalties are often the difference between the taxes paid over a number of years at the reduced rate and what would have been paid at the full tax rate. Some programs also have a penalty or charge interest on the amount of tax savings.

Program Effectiveness

There have been a number of studies around the country conducted at various scales assessing the effectiveness of both forest and agricultural preferential programs. The information in this section summarizes that literature, as well as a number of interviews with program administrators from across the country conducted explicitly for this project.

Studies in the agricultural sector found that counties in both California and Virginia that employed a preferential property tax program were 10 to 50 percent more likely to have retained land in an agricultural use rather than a more developed use[9]. No comparable studies have been found regarding the retention of forest lands in relation to the existence of a preferential property tax program.

A national survey of property tax administrators found that preferential forestland property tax programs are at best a mixed bag in producing or protecting the benefits they are intended to address, including timber production, wildlife and other non-timber benefits, long-term investments and sound forestry practices[10]. Another study found that many of the benefits these programs were designed to encourage would have been undertaken by the landowner regardless of the program, negating the need for subsidizing such activities for many landowners[11]. A review of Pennsylvania's forest property tax programs found that those landowners who enroll in preferential property tax programs are often mostly the ones that are least likely to develop their properties in the future[12]. Other studies also note that preferential tax treatment has a limited effect on the conversion of land[13]. Although not focused on forestland, in 2008 the legislative auditor found the Minnesota Green Acres program, in its current configuration, is not effective at preserving land. A number of other studies also demonstrate the ineffectiveness of currently configured preferential forest property tax programs in protecting forestland[14].

Various authors cite a number of reasons for the ineffectiveness of these programs, as well as a host of ways to improve the effectiveness. One author notes that these programs are not very effective unless property tax burdens are high[15]. In reviewing the Green Acres program, the legislative auditor found that the program provided little benefit in retaining working lands, as there is no requirement for a long-term commitment and the program does not target the most important or threatened parcels. The auditor also found, related to the previous finding cited immediately above, that the tax benefit from the program is rather small as compared to the value for development, which limits its effectiveness in affecting land use decisions. Similarly, Jacobson and McDill (2003), authors of the study examining the preferential property tax program in Pennsylvania found that the penalties for withdrawal from the program are not high enough to be able to compete with development values, making the program ineffective at maintaining the forest land base[16].

In addition to the national review of programs, we conducted interviews of preferential forestland property tax administrators, natural resource administrators and foresters from 11 states, from Maine to Idaho to Texas. The purpose was to further examine some of the programs highlighted in the national review of programs by gaining a better understanding of these programs, their effectiveness at maintaining the forest land base and various perspectives on what makes an effective program.

The interviews confirmed our findings in the national survey of programs that tax programs vary immensely from state to state. Just as demonstrated in the national review, most of the programs are some sort of current use program, with one example of an exemption law. A few of these programs were also coupled with a yield tax. One of the programs further reduced the current use value if lands are classified as riparian or aesthetic management zones, or critical wildlife zones. Of those programs that were evaluated in depth, most required a minimum acreage ranging from 5 to 25 acres with two states capping their programs at 1500 and 5000 acres. Very few of these programs had a stocking or productivity requirement, but most required a management plan. Only three of the 11 programs had a multi-year commitment period, but most had penalties that are assessed over multiple years, even without a formal multi-year commitment.

Aggregating the interviews with program administrators and others, only a few respondents thought that their respective programs were effective at maintaining the forestland base. This is remarkable, as one would assume most of the respondents have a vested interest in maintaining their program. Conversely, a few felt their programs were very ineffective at maintaining the forestland base, noting that some of these programs may actually encourage further parcelization of forestland. Most felt that it is more a mixed bag in relation to effectiveness at maintaining the forestland base, noting that preferential property tax programs work well in some situations and not so well in others. Even programs with high enrollment, exceeding 40 percent of eligible land, are still not effective in all situations. A number of respondents noted that the programs are least effective in influencing high-end developments, as the penalties or withdrawal cost are simply passed on to the end buyer. A number of respondents felt that their programs would be more effective if the penalties were increased, although increasing penalties would most likely have an inverse relation with enrollment. It is also important to note that effectiveness in maintaining the forestland base is not the intent, or the only intent, in instituting these programs. These programs can be valuable ways to encourage other forest management activities that have both economic and ecological benefits.

Respondents noted a number of problems with the current state of preferential forest property tax programs in their respective states. As noted previously, many recognized that large discrepancies between the current use values and development values made it difficult for their programs to be

successful at maintaining the forest land base, and noted that penalties are often tied into the purchase price of the parcels. One state said that rolling the penalties into the future development costs may negatively affect the state's ability to maintain affordable housing. Respondents noted that often the general public has little understanding of these programs, and often considers them to be a give-away to forest landowners or an unneeded subsidy to the forest industry.

A number of respondents noted ways to improve program effectiveness in relation to maintaining the forest land base. Respondents suggested an educational element would buoy effectiveness. Others noted the need for additional resources to run and promote the programs. Another identified theme was the need for more strategic targeting of land, or employing a tiered approach based on the qualities of specific parcels. Linking tax treatment of forest land to land use planning was suggested as a way to further encourage development to be directed to appropriate areas while maintaining the core of the forest land base. A number of respondents, as well as comments in the literature, noted that enrollees often chafed at the requirements of some of the programs that require various forest management activities. Some suggested that in order to increase enrollment, programs should do away with harvesting requirements and shift the focus of the programs to encourage the provision of eco-system services and other non-timber benefits, such as carbon sequestration. Respondents also suggested the need for improving relationships and communication between state departments related to taxation and natural resources.

Income Taxation

Due to the fact that investments in forestry are not immediate, often taking 45 to 80 years or more to be realized, and include a number of risks over time, some have argued successfully for special treatment of forest investments in relation to income taxes. These arguments are buoyed by the fact that these lands, during which no real income is being generated, are producing a host of public benefits, such as carbon sequestration and maintenance of water quality, not traditionally attributed to the landowner.

Income tax policy can have an effect on forest management by encouraging or discouraging certain practices through the tax code. Most income tax policy in regard to forest lands and practices exists at the federal level. The rules deal with the treatment of income from the sale of timber. These policies include the deduction and amortization of land management and tree planting costs that offset income for these lands. Income tax policy is also very important in encouraging the donation of conservation lands and easements, by allowing for income tax deductions for the donation of these lands and easements (see the conservation easement section for more information).

Forest landowners often lose a significant amount of revenue because of ignorance or misunderstanding of the complex tax code[17]. This suggests a need for further education of family forest and corporate land owners about income tax treatment of forestry revenues and costs, increasing the financial incentive to hold onto their forestland.

Income taxation in Minnesota

Minnesota piggybacks on federal tax policy, thereby providing corporate and family forest owners with some benefits that may encourage a landowner to keep from dividing their forestland. (Refer to Appendix C for more detail)

Income Tax Incentives in other States*

Tax provisions related to forest management vary from state to state, Some states provide general income tax credits or credits for specific activities (e.g. establishing riparian buffer strips), and some local governments also provide further relief for landowners[18]. In addition to the charitable deduction for federal and state income taxes that someone can receive for the donation of a conservation easement, currently, 12 states also provide a state income tax credit for the donation of conservation land or easements.

The State of North Carolina was the first state to offer income tax credits for the donation of easements in 1983[19]. The state allows for an income tax credit of one-quarter the value of the donated easement. By 1998, 33,000 acres were protected under this program. The State of Colorado provides an income tax credit for landowners who donate a conservation easement. The credits are equal to the value of the easement, and may be sold to others. This allows cash poor landowners to hold onto lands that might be sold and in turn parcelized or developed in the future. Other states offer a different approach to income tax credits for the maintenance of various types of land and features, such as credits for wetland restoration, reforestation, protection of water quality and protection of sensitive plants and animals.

** For more information on these programs and issues, reference the tax issues section of the acquisition and easement report.*

Estate taxation*

The amount of estate tax owed related to forestland has increased nationally over the last ten years. This may have to do with the larger amount of recent land transfers, 77,000 in the last ten years with a corresponding 79.1 million acres. A recent study in Mississippi found that 38 percent of those inheriting forest lands were subject to the estate tax. Of those, over half paid the estate tax through timber harvest of timber on their inherited lands and close to half sold land to pay the estate tax, as nearly half of the respondents indicated that they had no other source of funds to pay the tax. Note that these are not mutually exclusive options. The author of the Mississippi study estimated that 3,300 landowners nationwide had to sell their inherited land (1.3 million acres) to cover the estate taxes, with 400,000 of those acres being developed[20].

** For more information on these programs and issues, reference the tax issues section of the acquisition report.*

Crosscutting issues

By placing a conservation easement on a piece of land, it should reduce the value and lessen the burden of the estate tax. Federal tax policy recognizes this reduction in value.

Lessons Learned

Both in Minnesota and across the country, property, income and estate taxation policies are used to try to influence land use decisions as well as the application of forest management standards and provision of timber and ecosystem services. It is important to note that taxation is only one tool in the toolbox and may only be effective in reducing parcelization in certain situations. It should also be noted that there are various tradeoffs in employing different taxation policy schemes, such as program simplicity versus equity between landowners. The following are a list of issues that need to be considered in designing tax policy for the purposes of maintaining Minnesota's forestland base.

Appropriateness – Taxation is a much used and appropriate tool to address various forest policy goals. Many landowners note that the biggest barrier to holding onto or managing their forestland is taxes, mainly property taxes. Across the country and in Minnesota, forest landowners have specified that their top preference for management incentives is through property tax incentives and reductions.

Multiple Benefits –The recommendations in this report are not designed to stop parcelization, as some parcelization is desirable, but are meant to maintain or enhance the benefits that come from large blocks of intact forestland in Minnesota. The recommendations regarding taxation provide for important benefits including the protection and enhancement of wildlife habitat and water quality, preservation of jobs and maintenance of public recreational access.

Awareness – As noted in this analysis, awareness is key to attracting landowners to participate in programs intended to maintain the forestland base. Both in Minnesota and nationally, high percentages of private forestland owners are unaware of these preferential tax programs. Authors note that certain levels of participation must be reached to effectively address the goals of these programs. Also, Minnesota has a number of different options to enroll in a preferential tax program. This can be confusing for landowners resulting in lower enrollment. At the same time this structure offers landowners a choice in what program best fits their ownership goals. All of this suggests that an informational outreach effort to family forest owners would most likely increase the effectiveness of these programs.

Paticipation – A couple of academic studies, as well as interviews around the state and elsewhere, noted that at least some of the participants would make the land use decisions that help to maintain the benefits we are encouraging without incentives or programs. This effect may be negated somewhat by better targeting outreach to areas where these types of incentives will work to maintain forestland benefits.

Program Focus – A number of taxation programs across the country include the provision of timber supply as at least one of the benefits they are trying to encourage. A number of studies and interviews indicate that many landowners are unwilling to enroll or later regret enrolling in these programs because they must harvest timber or undertake other forest management activities. Several authors and interview respondents have suggested that to enroll greater numbers in these programs and increase effectiveness at mitigating parcelization, the programs need to be more oriented toward the provision of eco-system services and less toward timber production.

Amount of tax relief – A number of studies and interviews regarding preferential forestland taxation programs noted that the amount of tax relief and the development value of a parcel need to be better aligned to encourage the retention of forestland. The main issue is that the amount of tax relief and the penalty for withdrawal from the program are insufficient to influence land use decisions.

Program Elements and Administration – A number of respondents and researchers noted that the commitment period and lack of substantial penalties compromised the effectiveness of these programs in retaining forestland. Some noted that these weaknesses, at least in a couple of instances, actually encourage future parcelization, serving as a cheap way to hold land until it is developed. Some other states have had changed program elements midstream in landowners' contracts. This undermines these landowners' reasons for enrolling and may further discourage others contemplating future enrollment.

It was also noted that many of these programs are jointly administered through two state agencies and that effective communication between agencies would benefit program effectiveness.

Public Access – Public recreational access to large areas of private forestland has been a long tradition in Minnesota. In trying to maintain this benefit, a two-tiered system, such as the system in Wisconsin, may more equitably compensate landowners for the amount of public benefits provided and may sustain Minnesota's traditional recreational access.

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Appendix #1

Preferential Forestland Property Tax Laws

State	Tax type	Min/Max acreage	Min stocking	Mgmt plan	Duration	Penalties
Alabama	Current use and severance tax	None	None	None	None	Difference in ad valorem over previous 3 years
Alaska	Exemption	none	none	none	none	none
Arizona	Reduction in FMV and severance tax	none	none	none	none	none
Arkansas	Current use based on soil productivity and severance tax	none	none	none	none	None
California	Current use value and severance tax	none	none	none	10 years	Fee
Colorado	Current use	40	10%	required	none	None
Connecticut	Current use value based on forest productivity	25	conditions	Map and short narrative	none	Decreasing percentage over timeof sale price
Delaware	Current use and timberland exemption	10	conditions	required	2 years	Past tax due
Florida	Current use	none	none	none	1 year	Assessed at fair market value
Georgia	Current use and severance tax	none	none	none	10 years	Pay back twice the savings
Hawaii	Current use value based on agricultural production	10	none	required	20 years	Difference in taxes
Idaho	Current use and yield tax	5-5000	none	yes	10 years	Difference in taxes
Illinois	Current use and yield tax	none	none	required	10 years	None
Indiana	Flat tax	10	40 sq ft/ac	required	annual	Up to 10 year rollback + 10%
Iowa	Current use or exemption	2	200trees/ac	none	8 years	rollback for previous 5 years
Kansas	Current use, classified as agricultural land	none	none	none	none	None
Kentucky	Current use	10	none	none	none	Taxed at FMV
Louisiana	Current use	3	conditions	none	none	None
Maine	Current use value based on forest productivity	10	none	required	None	30% of past due tax (decreasing)
Maryland	Current use	5	none	required	15 years	Rollback taxes
Massachusetts	Reduction in FMV and yield tax	10	16.7%	required	10 years	Rollback tax
Michigan	Flat tax and yield tax	Max 160	1200trees/ac	none	none	5% stumpage value
Minnesota	Reduction in FMV	20	10%	required	8 years	Past 4 incentive payments
Mississippi	Current use	none	none	none	none	none
Missouri	Flat tax and yield tax	20	none	required	25 years	Rollback taxes

Montana	Current use and severance tax	15	25cuft/ac/yr	none	none	None
Nebraska	Current use	none	none	none	none	none
Nevada	35% of current use tax	7	none	none	none	20% of deferred tax
New Hampshire	Flat tax and yield tax	10	None	Further reduces taxes	none	10% of FMV at enrollment
New Jersey	Current use value	5	None	Required	annual	Rollback 3 years
New Mexico	Current us and yield tax	1	none	none	none	$25 or rollback
New York	Current use value and yield tax	15	800 trees/ac	none	none	None
North Carolina	Current use and severance tax	20	none	none	none	Rollback + interest
North Dakota	Flat tax	10	non	required	5	Return to FMV
Ohio	Current use value	10	none	none	Annual	Past 3 years tax due
Oklahoma	Current use	none	none	none	none	None
Oregon	Use for forestry	2	standards	none	none	rollback
Pennsylvania	Current use value based on forest productivity	10	stocked	none	none	Past seven year plus interest
Rhode Island	Current use or exemption	10	dense	requried	annual	Decreasing % of FMV
South Carolina	Current use	5	none	None	none	Rollback taxes
South Dakota	Current use based on agricultural productivity	none	none	none	none	none
Tennessee	Current use	15-1500	none	none	none	3 years rollback
Texas	Productivity value	none	none	none	indefinite	5 year rollback + 7%interest
Utah	Current use	5	none	none	none	Rollback tax
Vermont	Current use	25	none	required	indefinite	20%(decreasing past due tax)
Virginia	Current use value based on site productivity and severance tax	20%	40% stocking	Some required	indefinite	Rollback taxes
Washington	Current use value based on forest productivity combined with yield tax	20	none	required	10 years	Rollback 10 years
West Virginia	Current use value and yield tax	10	40%	required	none	Additional forgone taxes
Wisconsin	Flat tax and yield tax	10	none	required	25 or 50	None
Wyoming	Ad valorem	none	none	none	none	none

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