



QUALIFIED FOREST PROGRAM COMPARISON

February 14, 2014

On June 6, 2013, Governor Snyder signed into law Public Act 42 of 2013. PA 42 (in addition to eight other Public Acts) changed the manner in which the 2006 Qualified Forest Program (QFP) is administered. The legislation also moved the program jurisdiction from the Michigan Department of Natural Resources to the Michigan Department of Agriculture and Rural Development. The purpose of the Qualified Forest Program is to encourage private forestland property owners to harvest timber in a sustainable fashion based on a forest management plan. In exchange, upon signing an affidavit, the property owner may receive certain property tax benefits. The following compares the old and the new Qualified Forest Programs.

OLD QUALIFIED FOREST PROGRAM	NEW QUALIFIED FOREST PROGRAM
Max. Acres Enrolled Per Property Owner 320 acres per tax collecting unit	Max. Acres Enrolled Per Property Owner 640 acres per tax collecting unit
Minimum Land Enrolled Per Property 20 acres, 80% stocked in productive forest.	Minimum Land Enrolled Per Property 20 to 39.9 acres, 80% stocked in productive forest. 40 to 640 acres, 50% stocked in productive forest <i>(Productive forest is defined as forestland that can produce forest products of at least 20 cubic feet per acre per year.)</i>
Forest Management Plan Required	Forest Management Plan Required that must contain certain specific elements. Plan must be written by a forester on the Qualified Forest Registry. Timber harvests called for in the management plan must be completed within 3 years of the date of harvest called for in the plan. Harvests not completed in the time specified may result in cancelation of the affidavit and required repayment of tax benefits.
Application Fee \$200.00	Application Fee \$50.00 per Forest Management Plan
Tax Benefits 1. Exempt from up to 18 mills of local school operation tax. 2. Taxable value of enrolled parcels capped when a change in ownership occurs.	Tax Benefits 1. Exempt from up to 18 mills of local school operation tax: see fee to participate. 2. Taxable value of enrolled parcels capped when a change in ownership occurs.
No Structures Permitted	Structures Permitted Existing structures and newly built structures are permitted on QFP land. However, the QFP tax exemption for the structures and the land beneath those structures is no longer valid.
OLD QUALIFIED FOREST PROGRAM	NEW QUALIFIED FOREST PROGRAM
No Fee to Participate	Fee to Participate A fee equal to 2 mills times the taxable value of the parcel under the affidavit is paid annually to the local taxing authority and is deposited into the Private Forestland Enhancement Fund, which is used to operate the Qualified Forest Program.

<p>One Qualified Forest Affidavit</p> <p>Signed and recorded by the property owner attesting that the land will remain in forest production and will be managed in accordance with the forest management plan. Could be used for avoiding taxable value uncapping or reducing school operation taxes.</p>	<p>Two Qualified Forest Affidavits</p> <p>1. School Tax Affidavit: Affidavits are signed, notarized, and recorded by the property owner attesting that the land will remain in forest production and will be managed in accordance with the forest management plan. Exempts the property from certain school operational taxes paid by the landowner. Typically the exemption is 18 mills, although this amount may be less depending on the school district.</p> <p>2. Taxable Value Affidavit: Affidavits are signed, notarized, and recorded by the property owner, attesting that the land will remain in forest production and will be managed in accordance with the forest management plan. When a new owner purchases forested land that is already enrolled in QFP and they apply for and execute a taxable value affidavit, the taxable value on the property remains capped.</p>
<p>Repayment Upon Release from the Affidavit</p> <p>1. If a school tax affidavit was executed and the land is removed from the program due to a change in use, the landowner would repay the total mills levied by all taxing units X the state equalized value X 7 years, if a harvest has occurred. If a harvest has not been conducted, the repayment is multiplied by 2.</p> <p>2. If the affidavit was executed to avoid the uncapping of the taxable value due to a sale of land and the land is removed from the program due to a change in use, the landowner would repay the amount of taxes they would have paid had the taxable value not remained capped (not to exceed 10 years).</p>	<p>Repayment Upon Release</p> <p>1.Repayment upon release from the School Tax Affidavit: If a school tax affidavit was executed and the land is removed from the program due to a change in use, the repayment would be calculated as follows:</p> <p>Repayment = Taxable Value of Property X the number of operating mills levied by the school district (minus the 2 mill equivalent fee) X the number of years the property has been under the exemption (not to exceed 7).</p> <p>If a harvest has not been conducted on the property, the recapture would be calculated in the same manner, but the repayment would be multiplied by 2.</p> <p>2. Repayment Upon Release from the Taxable Value Affidavit: The repayment requirement was not changed by the new legislation and remains the same as the previous legislation.</p>
<p>Annual reporting harvests have or have not occurred</p>	<p>Reporting forestry practices and harvests in the year they occur</p>
<p>Applications and Forest Management Plans reviewed by Michigan Department of Natural Resources</p>	<p>Applications and Forest Management Plans reviewed by Michigan Department of Agriculture and Rural Development</p>