

policy

State Property Tax Programs Promoting Sustainable Forests in the United States: A Review of Program Structure and Administration

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Financial incentives offered by state property tax programs are a means of promoting goods and services from private forestland. Identified by a 50-state review in 2014–2015, these incentives often require adherence to several conditions including valid ownership and use of forestland, correct size of parcel and suitable forest conditions, implementation of professionally prepared forest management plan, notifying authorities of intent to harvest timber, willingness to participate in reviews and inspections, and an understanding of potential financial or procedural penalties. Implementation of these administrative conditions may require the involvement of several agencies at many levels of government, most frequently being offices of local governments plus supporting roles of citizen advisory committees and boards, tax review appeals and equalization boards, forestry boards and commissions, forestry divisions within state natural resource departments, and state departments of finance and revenue.

Keywords: private forest land, property tax programs, tax incentives, administration

As early as 1935, preferential treatment by property tax programs was recognized as a means of promoting the sustainability of private forests and the goods and services they provide (Fairchild 1935). Now existing in all states, the focus of such programs can range from the protection of soil and water resources to the enhancement of habitat for fish and wildlife, and from the production of timber and fiber products to ensuring the integrity and sustainability of forests

generally (Hibbard et al. 2003, Kilgore et al. 2007).

The way property tax programs are organized and administered can be pivotal to determining their effectiveness, especially their ability to encourage private owners to wisely invest in their forests (Hickman 1992). Among the many organizational and administrative characteristics that have been determined important to program effectiveness are eligibility criteria (such

as ownership, parcel size), required versus optional agreements (such as public access, forest management plan), basis for taxation (such as ad valorem tax, flat tax), magnitude of tax reductions, and penalties for noncompliance (such as retroactive tax payments, forfeiture of favored classification) (Forest Industries Committee on Timber Valuation and Taxation 1977, Hibbard et al. 2001, Hibbard et al. 2003, Williams 1957, 1961, 1968). Much of the research leading to these generalizations has resulted from analysis of different programs offered or proposed by individual states (Fortney et al. 2011, Hickman 1982, Jacobson and McDill 2003, James 1960, Lewis 2010, Stier et al. 1988). In only a few cases have research efforts taken a national or regional view of property tax programs, especially regarding tax classifications, eligibility requirements, administrative procedures, management plan requirements, penalties for noncompliance, and the public and private organizations engaged in their implementation.

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As such, information enabling nationwide assessments or regional and multi-state comparisons of such factors is often incomplete or unavailable.

Methods

The aforementioned described information voids were the focus of a state-by-state review in 2014 and 2015 (Kilgore et al. 2017). The review involved a comprehensive identification, assessment, and summary of laws and administrative rules governing the implementation of each state's property tax programs as they relate to private forests. If a tax classification, parcel requirement, or administering agency was not identified by state laws or administrative rules, it was presumed that such was not part of a state's property tax program. To confirm the accuracy of the review, persons responsible for administering such programs were contacted and asked to assess the summaries prepared for their state. As necessary, corrections were made. Although program administrators in 10 states did not respond, an extra effort was made to further appraise publicly available information describing tax programs in those states.

For regional comparisons, states were grouped according to the regions used in Resources Planning Act assessments by the USDA Forest Service (2012) (see <https://www.fs.fed.us/research/rpa/regions.php>; last accessed Feb. 20, 2018). This included 20 states in the North, 13 in the South, 12 in the Rocky Mountain, and five in the Pacific Coast region.

Results and Discussion

Types of Preferential Property Tax

Property tax programs focused on forests are typically categorized into three broad groups, namely *exemption programs* (property removed from taxation), *flat tax programs* (property taxed at a fixed rate), and *modified tax programs* (property tax determined by adjusted property value or adjusted tax rate). Although certain hybrid programs and yield and severance tax programs are sometimes part of property tax programs (Hibbard et al. 2003), only the three abovementioned groups were considered for this research. State interest in emphasizing the implementation of property tax programs among these broad groups has often changed (Jacobson and McDill 2003). In 1933, 1956, and

1977, exemption programs were relatively common, existing in 18, 17, and 19 states, respectively, only to decline in occurrence to five states in 2000 and four states in 2014. Although nonexistent in 1933, 1956, and 1977, flat tax programs rose to modest levels among states by 2000 (10 states) and 2014 (nine states). As for modified tax programs, very few such programs existed in 1933 (two states) and 1956 (six states), although such programs rose in popularity by 1977 (35 states), 2000 (37 states), and 2014 (43 states) (Kilgore et al. 2017, Fairchild 1935, Forest Industries Committee on Timber Evaluation and Taxation 1977, Ueltschi 2000, Williams 1957).

Preferential Property Tax Classifications

Within the above broad groups of tax programs, there exists an abundance of legally identified tax classifications that embody a variety of stipulations such as parcel size and location, type and condition of resources, and ability to produce certain desired goods and services. If a parcel is assigned a favored classification, it is, in most cases, given preferential tax treatment, the amount of which is determined by political decision-making processes and by the importance of the goods, services, or conditions the parcel can offer. The exact amount is the difference between the preferential rate and an alternative rate that would normally be applied by a tax administering agency. The following are offered as examples of state preferential property tax classifications that seek to promote certain conditions from private forests.

- *Delaware*: Preservation Classification, Plantation Classification
- *Georgia*: Preferential Forestry Classification, Conservation Use Classification, Forestland Protection Classification
- *Idaho*: Forestlands and Products Classification

- *Maine*: Farmland Classification, Open Space Classification, Tree Growth Classification
- *Michigan*: Commercial Forest Program Classification, Qualified Forest Property Tax Classification
- *New Hampshire*: Forestland Classification, Conservation Restriction Classification
- *New Jersey*: Farmland Assessment Classification
- *New York*: Forestland Classification, Conservation Easement Classification
- *Ohio*: Agricultural Use Classification, Forest Tax Law Classification
- *Oregon*: Forestland Program Classification, Small Tract Forestland Program Classification
- *Rhode Island*: Forestland Classification, Open Space Classification
- *South Carolina*: Agricultural Use Classification
- *Tennessee*: Forestland Classification, Open Space Classification
- *Texas*: Eligible Timberland Appraisal Classification, Ineligible Timberland Appraisal Classification, Restricted Use Timberland Classification
- *Utah*: Farmland Greenbelt Classification
- *Washington*: Timber and Forestland Classification, Open Space Timberland Classification
- *West Virginia*: Managed Timberland Classification, Timberland Classification
- *Wyoming*: Agricultural Rangeland Classification

The number of legally established property tax classifications focused on private forests in 2014 exceeded 82 nationwide, an average of slightly more than 1.6 classifications per state (Table 1). Regionally the most classifications per state occurred in the North (average of 2.1 classifications per state), while states in the Rocky Mountain region each had only one classification, the exception being Nevada with two. Forty-three

Management and Policy Implications

Comprehensive information about the variety of program arrangements used by other states can empower managers and policymakers to more wisely compare and possibly adopt program designs that can be used in their home state, especially designs such as tax classifications, eligibility requirements, administrative procedures, management plan requirements, penalties for noncompliance, and the public and private organizations responsible for program implementation. For those engaged in program and policy development, this review provides a nationwide knowledge base that describes the fundamental organizational and administrative conditions governing state property tax programs as they relate to private forests.

Table 1. Number of preferential property tax land use classifications focused on private forestland per state in the United States, by region, 2014.

Region	Tax classifications				Total states	Total classifications
	One classification	Two classifications	Three classifications	Four classifications		
<i>Number of states</i>						
North	4	11	4	1	20	42
South	9	2	2	0	13	19
Rocky Mountain	11	1	0	0	12	13
Pacific Coast	2	3	0	0	5	8
Total	26	17	6	1	50	82

Number of states in region: North: 20, South: 13, Rocky Mountain: 12, Pacific Coast: 5.
Source: Kilgore et al. 2017.

states have two or fewer classifications, although six states have three tax classifications each, all of which are in the North or South regions. Only Massachusetts had four property tax classifications of importance to private forests. Grouping tax classifications by actual or implied titles (or labels) can provide further insight to the types of goods and services that a classification is attempting to promote (Table 2). Assembled as such, 70% of the 82 classification titles fall into three categories, namely forest and woodland, timberland and forest products, and open space and conservation. At 31%, the North region had the highest percentage of its classification with titles labeled open space and conservation, while the South has the largest proportion—32%—labeled timberland and forest products.

Eligibility Criteria and Administrative Procedures

Property tax programs are grounded in a variety of standards and administrative procedures that give them the structure

necessary to be applied uniformly, while at the same time promoting desired conditions and services from private forests. As the following synopsis attests, these standards and procedures can be both complex in substance as well as far ranging in scope.

Parcel Ownership and Use. Land ownership requirements are infrequent filters for eligibility of the preferential tax treatment (Table 3). Nationwide, only 11 states have such eligibility requirements (such as a partnership, foundation, corporation), the presumption being that most states view private owners generally as the focus of property tax programs and therefore see no need for detailed ownership categories. More common, however, is the granting of tax exemptions to certain categories of individuals and organizations (for example, veterans, nonprofit organizations). As for acceptable uses of a parcel, all states have explicit land use filters ranging from timber production to wildlife habitat and from scenic landscapes to the production of maple syrup. Conversely,

30 states specify unacceptable land uses, including residential dwellings, agricultural crops, and ornamental nurseries. As for public access for recreational use being a condition for preferential tax eligibility, only 15 states address the subject directly as either being required, not required, or conditional. Thirty states focus special tax provisions on unique or special forest conditions, including certain wildlife habitats, scenic landscapes, and landscape-level open space.

Parcel Size and Proximity. The size of single separate parcels is generally avoided as a condition of eligibility for preferential tax treatment. Instead, 34 states focus on the size and configuration of multiple contiguous parcels of forest land, namely separate parcels that are near each other or linked in some fashion (Table 3). Only six states specify minimum or maximum sizes for a single parcel of land, and even fewer have no limitations on parcel size (for example, Arkansas, Florida, Mississippi). The absence of limits on parcel size is usually associated

Table 2. Preferential property tax land use classifications focused on private forestland in the United States, by classification title and region, 2014.

Region	Classification title categories					Other categories	Total classifications
	Timberland and forest products	Agriculture and farmland	Open space and conservation	Forest and woodland	General ad valorem		
<i>Number of classification titles</i>							
North	10	4	13	12	0	3	42
South	6	3	1	4	2	3	19
Rocky Mountain	2	7	1	2	1	0	13
Pacific Coast	3	0	0	3	2	0	8
Total	21	14	15	21	5	6	82

Source: Kilgore et al. 2017.

Table 3. Resource and management eligibility criteria and administrative procedures for preferential property tax classification for private forestland in the United States, 2014.

Conditions used to determine eligibility for a preferential tax classification	Condition explicitly stated or implied by state law or administrative rule ^a	
	States	Percent
Ownership and use of parcel		
Ownership type (individual, partnership, corporation, foundation)	11	22
Tax exempt status (nonprofit organizations, veterans and dependents)	18	36
Use of forest land (specifically designated):		
•Acceptable uses (timber production, wildlife habitat, scenic landscapes, open space, maple syrup, natural Christmas trees)	50	100
•Unacceptable land (residential dwellings, ornamental nurseries, agricultural crops, forage and grazing)	30	60
Special resource and land use conditions:		
•Public access for recreation activities (required, not required, conditional)	15	30
•Provisions for special resources (water, wildlife, fisheries, scenic landscapes, open space)	30	60
Size of single separate and multiple contiguous parcels		
Single separate parcel (minimum, maximum acreage)	6	12
Multiple contiguous parcels (minimum, maximum acreage)	34	68
Single or multiple parcels of any size (easements, open space)	3	6
Forest conditions and location of parcel		
Forest type and composition (number of trees, sizes and species of trees)	22	44
Timber and wood fiber producing capability	23	46
Location and accessibility (roads and trails; isolated and remote)	6	12
Topography and landscape conditions (tidal marshes, wetlands, unstable, rocky, high elevation)	7	14
Uniqueness among regional landscapes (distinct character and features)	1	2
Evidence of preferred managerial actions		
Application of sustainable forestry practices (best management practices)	10	20
Conformity with state environmental and forest practice regulatory standards	5	10
Enrollment in state or federal conservation program (cost-share, land retirement, designated easement)	8	16
Application, evaluation, and legal recording		
Agency receiving application (county assessor, state forester, revenue agency, natural resource agency, authorized private agency)	50	100
Documents accompanying application (certificate of ownership, parcel location and description, plan for parcel's use and management)	23	46
Agency review and evaluation (general overview, second-party consultation, on-site inspection)	19	38
Legal recording of approved tax classification:		
•Local government (county assessor, county auditor)	48	96
•State government (revenue agency, natural resource agency)	7	14
Commitment to preferential tax classification		
Termination of preferential tax treatment:		
•Discretion of landowner	12	24
•Occurrence of disqualifying conditions	11	22
Length of commitment to tax classification:		
•Indefinite (open-ended, automatic continuous renewal)	21	42
•Specified period of time (one or more years)	21	42
•Special conditions (ownership change, land use change)	8	16
Agency authority to legally enforce of agreed to conditions	1	2
Compliance with requirements of preferential tax classification		
Agency (state) program-wide reviews (summary of participation rates, compliance with rules, consistency among governments, estimates of fiscal impacts)	8	16
Agency (local, state) on-site inspections:		
•Authority to enter private land	26	52
•Inspection schedules (initial, renewal, periodic, specified interval)	31	62
•Optional elective inspections	4	8
Landowner initiated reports (documented affirmation of consistency with requirements of tax classification and forest management plan)	10	20
Penalty for unauthorized withdrawal from preferential tax classification		
Penalties not imposed	6	12
Penalties waived for transfers between eligible classifications	1	2
Types of penalty:		
•Forfeiture of preferential tax classification	32	64
•Retroactive payment of taxes (roll-back tax)	36	72
•Fixed amount, interest payment(s)	23	46

^aCondition clearly stated or convincingly understood to be the case. In some states, law or rule may make no reference (not specified) to certain conditions of eligibility and therefore do not appear in the table. Although a state may have multiple tax classifications with many prerequisite conditions, recorded only once for a state is the occurrence for a specific condition (for example, in a single state "authorized to enter private property" may occur multiple times as a condition for various classifications yet is recorded here as occurring only once in a state).

Source: Kilgore et al. 2017.

with parcels that involve conservation easements and open space conditions.

Forest Conditions and Parcel Location. States may specify in law or rule forest type and the configuration of forests (tree species, tree size and number) as conditions for preferential tax treatment. However, only 22 states have chosen to do so, examples of which are Indiana, Iowa, and Louisiana (Table 3). Twenty-three require evidence of a parcel's ability to produce timber or wood fiber at some minimum level, with such requirements being more common in the South, Rocky Mountain, and Pacific Coast regions. Six states emphasize preference for where a parcel is located (for example, Idaho and Oregon), while only seven states (for example, Virginia) exclude parcels because of their topographic features (tidal marsh, wetlands, high elevation, unstable or rocky soils). Including New Hampshire, even fewer states (six) have standards regarding ease of access to a parcel (proximity to roads and trails). Oregon is the only state that gives preference to parcels that will enhance forest ecosystem uniqueness among different regional landscapes.

Evidence of Managerial Actions. Although uncommon among states, preferential property tax treatment may require evidence that a forest parcel has been or will be actively managed, such as being viewed as an indication of an owner's forestry intentions. Considered as evidence of intent are the application of sustainable forestry practices as called for by a forest certification program, conformity with rules and regulations established by a state's environmental or forest practices regulatory laws, and enrollment in a state or federal conservation program (including a cost share program), a land retirement program, or a program involving designated easements. In fact, a very modest number of states require such evidence, namely 10 states. Only in the North region does evidence of managerial actions as a requirement occur with any frequency (for example, New Hampshire, New York, Rhode Island, Vermont). In the South, only Georgia, Kentucky, Oklahoma, and Virginia consider enrollment in a federal or state conservation program as a condition for preferential tax treatment.

Application, Evaluation, and Legal Recording. In all 50 states, persons seeking preferential property tax treatment for the first time are required to apply to a local or state government authority, which may be

(depending on a state) the county assessor, state forester, state revenue agency, or an authorized private organization (such as a foundation responsible for administering an open space program) (Table 3). Presuming constant compliance with a classification's eligibility standards, renewal of enrollment is automatic in some states (Iowa, Kansas, Montana, Nevada, New Mexico, South Carolina). Laws and rules in 23 states require that certain documentation accompany an application (for example, certificate of ownership, parcel's location and description, forest management plan). In only 19 states is a taxing jurisdiction required to review an application, a review that may be superficial and perfunctory, or involve consultation with a second party (for example, a state resource agency), or require on-site inspection of a forested parcel by a representative of a taxing authority (often to be accompanied by the landowner). In 48 states, an approved application must be legally recorded with a local government agency (such as county assessor, county auditor, county register of deeds) or in some cases (seven states) with a state government agency (such as a natural resources agency, tax or revenue agency). Regionally, states in the North dominate in the number and nature of documents that must accompany an application (for example, Maine, New Hampshire, Michigan, Ohio) and in legally specified requirements for how an application is to be reviewed (for example, Delaware, Iowa), while in the South and Rocky Mountain regions these requirements are modest.

Commitment to Preferential Classification. Commitment to a preferential tax classification for a specified number of years is contractually required by 21 states, although in a like number of states commitments are indefinite and often involve automatic continuous renewal (such as occurs in Iowa, Missouri, New Hampshire, and Pennsylvania). Regionally, 10 states (including Massachusetts and Wisconsin) in the North require a specified time commitment (one or more years); eight states in the Rocky Mountain region, examples of which are Nevada and North Dakota, have similar requirements. In only a few states (eight) may an ownership or a land use change occur without penalty, and then only if the new owner agrees to abide by the tax conditions required of the current owner, or if the change in land

use involves a change from one qualified tax classification to another qualified classification (for example, from a forest land classification to an open-space classification) (for example, in Connecticut and Michigan).

Preferential tax classifications may be terminated for various reasons. In 12 states, persons are free to withdraw from a classification at any time (for example, Illinois, Indiana, Maine, Oregon), although doing so may result in a monetary penalty (Table 3). A disqualifying event may also be cause for termination of preferential tax treatment. Identified as so in 11 states, such may be a failure to report certain changes in the use of forest land (for example, from forest to residential or commercial in New Mexico), failure to suitably implement a required forest management plan (as required in Ohio), or failure to give advance notice of a timber harvest (a requirement in Idaho and Oregon). In some states (including Connecticut), a landowner's failure to restore to acceptable conditions a forest destroyed by fire, wind, or disease may result in denial of preferential tax treatment of the parcel in question.

Compliance with Requirements of Classification. Taxing jurisdictions may take actions to monitor compliance with the requirements of a preferential property tax classification (Table 3). Least common are periodic comprehensive tax program reviews wherein a state agency assesses statewide participation rates, reviews overall adherence to procedures and program requirements, evaluates consistency among local units of government, and estimates the fiscal impact of preferential tax rates. Eight states require such reviews, examples of which are Maine, Michigan, and North Dakota.

Compliance actions may also involve requirements that participants in preferential tax programs annually (or periodically) submit documented evidence attesting to their adherence with requirements of a preferred classification (a requirement in Colorado and Utah) or evidence that a required forest management plan has been properly implemented. Conducted by tax agency representatives, on-site field inspections may also be used to promote compliance with tax program requirements. Twenty-six states grant representatives of state or local governments the authority to enter private land for such

Table 4. Management plan and timber harvest notification as conditions of eligibility for preferential property tax classification for private forestland in the United States, 2014.

Management plan and timber harvest notification as conditions applied to determine eligibility for preferential tax classification	Condition explicitly stated or implied by state law or administrative rule ^a	
	States	Percent
Management plan as condition of enrollment		
Required (upon application, subsequent approval)	26	52
Optional (discretionary, request of landowner)	7	14
Acceptable alternative (conservation easement, plan required by regulatory rules, certified by recognized certification program)	3	6
Content and scope (management goals, forestry prescriptions, harvest schedule)	17	34
Duration and updating (periodic, specified years, time of renewal of eligibility)	22	44
Implementation (affirmation by landowner, general agency oversight, on-site inspections)	23	46
Qualification of preparer or approver of required plan		
Preparer or producer of management plan:		
•Landowner or experienced manager (life knowledge, proficiency through experience)	6	12
•Forest resource professional (public or private, licensed or certified)	26	52
Approval of management plan:		
•Public official (professional, licensed or certified, state or local)	16	32
•Private official (delegated agency authority)	4	8
Timber harvest notification		
Agency required approval and supervision (local, state)	14	28
Unique resource conditions (high elevations, sensitive wildlife habitat, scenic landscapes)	1	2
Public agency notification required by:		
•Management plan (timing, amount, methods)	7	14
•Forest practice regulatory rules (timing, amount, methods)	7	14
Harvest by qualified timber harvester (certified, accredited, licensed)	7	14

^aCondition clearly stated or convincingly understood to be the case. In some states, law or rule may make no reference (not specified) to a requirement for a plan or timber harvest notification and therefore do not appear in the table. Although a state may have multiple tax classifications each with a requirement for a management plan and harvest notification, recorded only once for a state is the occurrence of these conditions.

Source: Kilgore et al. 2017.

purposes. Law and administrative rules in all five states in the Pacific Coast, 10 of 20 states in the North (including New York), and in the Rocky Mountain region only Nevada, North Dakota, and South Dakota grant such authority, while very few states in the South do so, of which Florida and Kentucky are examples. In the latter region, on-site inspections may be carried out with the voluntary agreement of a landowner.

Management Plan and Harvest Notification

Management Plan Requirements. Although variously labeled (for example, sustainable forestry plan, multiple-use plan, forest stewardship plan), a resource management plan that accompanies preferential tax treatment of a parcel may be useful as a way of focusing landowner attention on the requirements of a preferential tax classification while at the same time providing taxing jurisdictions with a yardstick against which to judge compliance with a preferred classification. Given such a context, a resource management plan is a precondition for preferential tax treatment in 26 states, with such being optional in seven additional states,

including North Carolina, Alabama, and South Carolina (varies by county) (Table 4). Laws and rules in some states authorize as a substitution for a plan the endorsement, for example, of a nationally recognized certification program. Such is acceptable, for example, in Georgia, New Hampshire, New York, and Texas. The following are examples of states requiring, or allowing the option of preparing, a forest management plan and the assortment of content therein.

- *Illinois:* Plan need not be prepared by a professional forester, but must be approved by state Department of Natural Resources.
- *Maine:* Every 10 years, landowner must submit a sworn statement (prepared by a licensed professional forester) that parcel is following a required plan; once every 10 years and for parcels larger than 10 acres, landowner is eligible for a \$200 state income tax credit for the cost of preparing a plan.
- *Minnesota:* Plan must be in accord with harvest and management guidelines established by the Minnesota Forest Resources Council.

- *New Hampshire:* Alternative to a required forest management plan is certification by either the New Hampshire Tree Farm Committee, the Sustainable Forestry Initiative (SFI), or the Forest Stewardship Council (FSC).
- *New York:* Plan must be prepared by a graduate of a school of forestry recognized by the Society of American Foresters, or by a person possessing equivalent qualifications.
- *North Dakota:* Plan may be adopted and implemented at the discretion of the landowner.
- *Ohio:* County option whether to require development and implementation of a plan.
- *Utah:* Existence of a harvest or a forest management plan, although not required, may be used as evidence for granting preferential tax treatment.
- *West Virginia:* Plan must be prepared by a professional forester or a landowner attesting to an understanding of sound principles of forest management.
- *Washington:* Plan must be prepared by a professional forester or by persons with adequate knowledge of timber management practices.

Laws and rules in 17 states contain detailed requirements for the content of a plan, notable being management goals and objectives, forestry practices to be applied, and when and how timber will be harvested. Given such complexities, 26 states require that a plan be prepared by a forest resource professional affiliated with either a public or private organization, although in six states (including Michigan and Missouri) the preparer may be the landowner or be a person with forestry knowledge gained through experience (Table 4). Professionals preparing plans must often be registered, licensed, or possess certified credentials in some states, including California, Maine, Maryland, and Minnesota. Recognizing the breadth and depth of information required in a plan, landowners in some states (such as North Dakota and Tennessee) are often encouraged to seek advice from an appropriate state resource agency. Forest management plans must be approved by a public official in 16 states. Twenty-two states acknowledge the need to periodically update plans and assign time limits for plans.

Timber Harvest Notification. Fourteen states require that state and local taxing jurisdictions be notified of intent to harvest timber as a condition of preferential tax treatment, seven (including Ohio and Rhode Island) of which require the harvest be carried out by a certified, accredited, or licensed timber harvester (Table 4). In some states, such as West Virginia, the granting of a preferred tax classification requires the existence of an approved forest management plan before timber harvesting can occur. Regionally, 11 states in the North require advance notification of intent to harvest timber on preferentially tax-treated land, while in the Pacific Coast region four of five states require advance notification of harvest and may also require that harvests be conducted by a licensed or registered timber harvester. None of the states in the South region have laws or rules requiring notice of intent to harvest timber as a condition of preferential tax treatment.

Penalties for Noncompliance

Failure to meet the conditions of a preferential tax classification can result in classification removal and penalty. In some states, more than one type of penalty may exist, depending on the number of tax classifications and property tax programs the state offers. In 32 states, the penalty simply

means that a parcel reverts to a non-preferential property tax classification with no penalty imposed (for example, Kentucky, North Dakota). In six states, laws and rules are silent (not specified) on the matter of penalties for noncompliance (for example, Oklahoma, Montana) (Table 3).

Cancellation of preferential tax classification eligibility in 36 states is often accompanied by a retroactive payment of taxes (roll-back tax), which is usually equal to the amount by which taxes were reduced over the years that a parcel received favorable tax classification (an upper limit on years is usually specified). Laws and rules in four of five states in the Pacific Coast region authorize a roll-back tax, while 16 states in the North region may levy a similar penalty. Although a retroactive payment is common for noncompliance, 23 states also impose an additional fixed dollar amount (administrative fee, civil penalty) or impose a fixed interest payment on the amount of money forgone by a taxing jurisdiction.

Administering and Supporting Organizations

Property tax programs focused on private forests require the involvement of nearly 270 separate stand-alone local, state, and federal administrative offices (office broadly being an agency, division, office, committee, or board of federal, state, or local government) with an average of approximately five offices per state (Table 5). The range in the number of offices per state is modest, spanning from five in the South to six in the Pacific Coast region. As for individual states, property tax responsibilities range from two offices in Kansas to eight in Colorado, and from three in Massachusetts to seven in Delaware.

Property tax offices of local governments are by far the most common, occurring in some form in all states and variously titled assessor, appraiser, examiner, or auditor (Table 5) (for example, Indiana—County Tax Assessor, Michigan—County Registrar of Deeds). Important but not widespread across the national landscape (only in 15 states) are local offices of appeals and equalization (for example, Maryland—County Property Tax Assessment Appeal Board, Pennsylvania—County Board of Assessment Appeals), offices from which owners of forestland can appeal property tax decisions they consider unfair. Although not always asserting a strictly local

orientation, 15 states also have property tax program advisory committees (for example, Delaware—State Farmland Evaluation Advisory Committee, Montana—Forest Land Taxation Advisory Committee), 14 states have statewide appeals and equalization boards (for example, Colorado—Board of Assessment Appeals, Washington—State Board of Tax Appeals), and 13 states have stand-alone forestry boards and commissions that have been assigned responsibilities for the administration of property tax programs involving forests (for example, California—Board of Forestry and Fire Protection, Georgia—Georgia Forestry Commission, Virginia—Department of Forestry).

Executive-level departments of state government are also noteworthy for their involvement in the administration of property tax programs focused on forests (Table 5). Nationwide, nine department-level entities were identified in law or rule as being so involved, including departments of agriculture, natural resources, commerce, fisheries and wildlife, and finance and revenue. Departments in the latter category and the many offices and divisions therein are noteworthy not only for their often-wide-ranging responsibilities involving forest property tax programs, but also because in total they are very common nationwide—such exist in 39 states (for example, Vermont—Department of Taxes, Tennessee—Comptroller of the Treasury, Wisconsin—Department of Revenue). Thirty forestry divisions with property tax responsibilities are situated within three of the nine aforementioned departments (Table 5). Ten of these 30 divisions are in two executive-level departments with responsibilities that often extend far beyond the use and management of forest resources, namely agriculture (for example, New Jersey—Division of Parks and Forestry, Department of Agriculture) and the environment (for example, Rhode Island—Division of Forest Environment, Department of Environmental Management).

Federal agencies also have a role in implementing property tax programs, but such is usually a supporting role providing information to various state and local government offices (information such as soil productivity measures, timber product prices, patterns of land ownership). Eight states (seven in the South, one in the Rocky Mountain region) specifically authorize by

Table 5. Government organizations engaged in managerial or supporting roles in the administration of preferential property tax classifications for private forestland in the United States, 2014.

Government agencies and offices engaged in property tax program administration focused on forests	Government organization explicitly identified by state law or administrative rule ^a	
	States	Percent
Property tax administrative offices:		
•Assessor, appraiser, examiner, auditor	50	100
•Recorder of documents	8	16
•Appeals and equalization	15	30
Planning and development offices (board, commission)	2	4
Other offices (treasurer, board of commissioners)	12	24
Advisory committees and boards (citizen, resource, land use)	15	30
Boards, councils, commissions, offices and committees:		
•Real estate appraiser boards	4	8
•Tax review, appeals, and equalization boards	14	28
•Forestry boards and commissions	13	26
•Tax program implementation commissions	5	10
•State forest service and offices of state forester	8	16
•Stewardship and conservation committees	5	10
•Other councils and commissions (development, property valuation, public service)	6	12
Departments		
•Agriculture department		
oForestry division	7	14
oOther divisions (conservation, wetlands)	6	12
•Natural resources department		
oForestry division	20	40
oOther divisions (recreation, state lands)	0	0
•Environment department		
oForestry division	4	8
oOther divisions (parks, water, land use)	2	4
•Fisheries and wildlife department	2	4
•Forestry and forest resource department	3	6
•Commerce department (economic development)	2	4
•Finance and revenue department (treasury, taxation, revenue)	39	78
•Assessment and valuation department	2	4
•Local government services department (finance, assistance)	2	4
Comptroller of public accounts and disbursements	2	4
Colleges and universities	4	8
Other government organizations (courts, commissions, departments, offices)	4	8
US Department of Agriculture		
•Extension Service	1	2
•Forest Service	2	4
•Natural Resource Conservation Service	8	16
Private organizations (foundations, lending agencies)	1	2

^aAgency clearly stated or convincingly understood to be the case. In some states, law or rule may make no reference to an administering agency and therefore do not appear in the table. Although a state may have multiple tax classifications each administered by the same agency or type of agency, recorded only once for a state is the occurrence of the agency or office.
Source: Kilgore et al. 2017.

law or rule the seeking of services from the Natural Resources Conservation Service, and two authorize use of services offered by the Forest Service (both agencies in the US Department of Agriculture).

Conclusions

Preferential treatment by state property tax programs is a common means of promoting the sustainability of private forests and the goods and services they can provide. For a parcel of forestland to be assigned such preferential treatment, a variety of administrative and management conditions must be addressed, including when and how to apply, conditions

of eligibility, commitment to enrollment for a minimum period of time, management plan requirements, timber harvest notifications, and possible assignment of penalties for failure to meet required performance standards. To put these conditions into effect requires the involvement of government offices at various levels, most notable being the myriad property tax offices that exist at the local government level in all states.

The statutory and administrative setting in which preferential property tax programs exist has much to do with their success when focused on privately owned forestland. From this review of state property tax

laws and rules involving private forestland emerge several observations.

- Legal authority for preferential property tax treatment of forestland is generally but a modest or minor part of broader state or local authority involving a wide range of economic and commercial sectors, most notably agriculture and ranching activities.
- Legal authority that establishes property tax programs for forestland that are stand-alone and separate from other nonforest property tax programs tends to foster program objectives, procedures, and enforcement provisions that

are noticeably better focused and more applicable to conditions involving the use and management of forests.

- Legal authority establishing preferential tax treatment of private forests tends to be either (a) replete with language setting forth detailed in-depth statements of purpose, procedures, and responsibilities, or (b) vague and unclear statements about the objectives to be accomplished and the assignment of responsibility for their achievement. The former often ignores variability in forest conditions and forest owner objectives, while the latter often provides only limited guidance for the effective implementation of property tax programs. Striking the appropriate balance necessary for consistent but flexible implementation can be challenging.
- Legal authority establishing preferential tax treatment of private forests seldom assigns responsibility to a single government agency or to a single level of government. Although appearing to be disjointed, such diversity may be designed to promote the unique capabilities of different offices arranged over the landscape of government and to encourage innovation and greater accountability among such offices.
- Legal authority authorizing the development of property tax programs focused on forests presumes that such programs will be designed, especially as regards program eligibility (such as acceptable use of forest property, suitable size and location of forest parcels, landowner ability to conduct forest management) and government procedures and organization (such as type and frequency of inspections, termination of favorable tax treatment, imposition of penalties, duties of various government levels). Unfortunately, property tax programs focused on forests are often unimaginative in their design and

frequently are unclear as to their effectiveness. Alternative program designs are deserving of further examination.

- Legal authority often compels broad reviews and evaluations of property tax programs focused on private forests, including detailed inspections of forested parcels that have been granted preferential tax treatment. Unfortunately, connections between property tax reductions provided and the types, amount, and diversity of the goods and services promoted by preferential tax classifications are less than well understood.

Property taxes undoubtedly impact landowner finances, management and investment choices, land use decisions, and the promotion and availability of ecosystem services. The structure and administration of preferential property tax programs focused on private forestland will play a role in the way those decisions are made and the potential enhancement of forest-based outcomes for landowners and for society generally. This review provides a step toward greater understanding of those outcomes.

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