

Qualified Forest Program (QFP) Frequently Asked Questions

On June 6, 2013, nine pieces of legislation were signed into law. These bills transferred the Qualified Forest Program (QFP) to the Michigan Department of Agriculture and Rural Development (MDARD). A number of significant changes were made to the program. The following questions and answers relate to the new QFP.

1. **Question:** What is the Qualified Forest Program?

Answer: The Qualified Forest Program is a program under which a landowner may execute a Qualified Forest Affidavit on land that qualifies to be enrolled. By executing and recording the Affidavit, the landowner attests that their land is forestland and will remain in forestland. In exchange for executing the Affidavit, the landowner will receive certain reductions in their property taxes.

2. **Question:** Am I required to have a forest management plan to enroll in the program?

Answer: Yes, a forest management plan is required to be prepared for your property by a Qualified Forester in order to enroll in the program. You must also agree to manage your forest in accordance with the forest management plan.

3. **Question:** How does a parcel qualify to be enrolled in the program?

Answer: To enroll, the parcel must be at least 20 acres in size. For parcels less than 40 acres, no less than 80% is required to be stocked with productive forest (producing at least 20 cubic feet of wood per acre per year). For parcels 40 acres or more, no less than 50% is required to be stocked with productive forest. A maximum of 640 acres may be enrolled in a tax collecting unit of government.

4. **Question:** What are the tax benefits for enrolling in the Qualified Forest Program?

Answer: There are two possible ways the Qualified Forest Program may provide assistance with your property taxes.

- (a) You may execute a Qualified Forest School Tax Affidavit (QFSTA). A QFSTA exempts you from paying certain local school operating millage. Typically, you would be exempt from 18 mills of school operation tax; although that amount may be less depending on the school districts within your community.
- (b) You may also execute a Qualified Forest Taxable Value Affidavit (QFTVA). A QFTVA would typically be executed if you are a new purchaser of forested land that qualifies for the program. If you are a new purchaser and execute a QFTVA, your taxable value would remain capped at the level of the previous owner.

5. **Question:** Is there a fee to participate in the Qualified Forest Program?

Answer: Yes. A fee that is equivalent to 2 mills is collected annually by the local tax collecting unit. This fee is deposited into the Private Forestland Enhancement Fund, which is used to operate the program and to provide forestry related assistance to landowners.

6. **Question:** How do I apply for the QFP tax exemption for my land?

Answer: If you are interested in obtaining a tax exemption for QFP, you may obtain information from either your local Conservation District or MDARD, who will advise you how to proceed. Information is also available at www.michigan.gov/qfp. The landowner should obtain a forest management plan for their property. Once that is completed, the landowner would submit 1) an application for exemption; 2) a stand practice schedule; 3) a digital copy of the forest management plan; 4) copies of current tax bills for the parcels to be enrolled; and 5) a \$50.00 fee to payable to the "State of Michigan" and mailed to MDARD by September 1, for the exemption beginning in the following calendar year. If the application is approved, you will receive a Qualified Forest Affidavit from MDARD to sign and record. Once the Affidavit is recorded at your local Register of Deeds office, you would present the document to the local taxing authority before December 31 of that year.

7. **Question:** What is a Qualified Forester?

Answer: A Qualified Forester is a forester registered with MDARD who meets at least one of the following requirements: 1) is a forester certified by the Society of American Foresters; 2) is a Forest Stewardship Plan Writer; 3) is a Technical Service Provider as registered by the USDA for Forest Management Plan Development; and/or 4) is a Registered Forester. MDARD is creating a list of Qualified Foresters which will be available at www.michigan.gov/qfr.

8. **Question:** I am a forester and wish to register. How do I register?

Answer: Go to www.michigan.gov/qfr. Click on the form titled "Qualified Forester Registration". Complete the form and click on the submit button. You will then be registered under the Qualified Forest Program. You will receive a registration number that should be used when submitting an application to the Qualified Forest Program. Your information will be maintained in a database and will be available to landowners who wish to retain a Qualified Forester in your service area.

9. **Question:** What is a forest management plan?

Answer: A forest management plan is a document that inventories the forest on your property and provides recommendations and direction in the management and harvesting of your forest. By law, the forest management plan is required to include:

- the name and address of each owner of the property;
- the legal description and parcel identification number of the property or of the parcel on which the property is located;
- a statement of the owner's forest management objectives;
- a map, diagram or aerial photograph that identifies both forested and non-forested areas of the property that includes the location of any buildings;
- a description of forest practices that will be undertaken that specifies the approximate period of time before each is completed;
- a description of soil conservation practices; and
- a description of activities undertaken for the management of forest resources other than trees.

A more detailed listing of the required components of the forest management plan may be found at www.michigan.gov/qfr . Please note that a forest management plan must not exceed 20 years in length.

10. **Question:** How do I get a forest management plan written for my property?

Answer: Plans used for the Qualified Forest Program must be written by a Qualified Forester. Typically, Qualified Foresters will charge a fee to write a forest management plan. MDARD maintains a list of Qualified Foresters at www.michigan.gov/qfr. Preparation of a forest management plan can take some time. A reasonable estimate of time may be 60-90 days.

11. **Question:** My land is currently enrolled in QFP. How can I be sure it remains in QFP in light of the current legislative change?

Answer: Beginning June 1, 2013 and ending November 30, 2013, owners of property exempt as Qualified Forest prior to January 1, 2013 may choose to execute a new Qualified Forest School Tax Affidavit (QFSTA). There is **NO FEE** for this affidavit.

12. **Question:** My land is currently enrolled in QFP. What if I elect **NOT** to execute a new QFSTA?

Answer: If a qualified forest property owner elects not to execute a new QFSTA between June 1, 2013 and November 30, 2013, the existing affidavit will be rescinded **WITHOUT PENALTY**. Owners in this case will not be subject to a recapture tax. The property will be placed on the tax roll, at the current Taxable Value, as though the exemption had not been granted. This applies only to owners of a property exempt as qualified forest prior to January 1, 2013.

13. **Question:** Are there requirements for public access to QFP lands?

Answer: Land with a QFP exemption is not required to be open to the public.

14. **Question:** Is it possible to build a structure on land enrolled in the QFP?

Answer: Structures are permitted to be built on land under a Qualified Forest Affidavit (assuming local zoning requirements are met). If a structure is built on land covered by an Affidavit, the exemption from local school operation millage will no longer be valid for the structure and the land beneath the structure. The local tax collecting unit will determine the amount of land beneath the building that no longer receives the exemption.

15. **Question:** If my land is enrolled in QFP, what are my responsibilities?

Answer: Landowners of qualified forest lands are required to comply with their forest management plan. They must report to MDARD when a forest practice or timber harvest has occurred on the qualified forest property. The report should indicate the practice completed, or the volume and value of timber harvested on that qualified forest property. The owner is required to retain the current forest management plan, most recent harvest records, recorded copy of a receipt of the tax exemption, and a map that shows the location and size of any buildings and structures on the property. MDARD will notify the property owner and the area Conservation District in any year that forest practices or harvests are to occur.

If an owner does not accomplish forest practices and harvests within three years of the time specified in the current forest management plan, the property is not eligible for the exemption and the property will be placed on the tax roll as though the exemption had not been granted, and be subject to a recapture tax.

16. **Question:** How can a landowner withdraw from QFSTA?

Answer: If the land is converted by a change in use, the landowner shall file a rescission form with the register of deeds for the county in which the property is located. The property will be subject to a QFSTA recapture tax.

If no harvests were completed on the property:

Recapture Tax = (Taxable Value of the property) * (Number of operating mills levied by the local school district – Number of mills collected as a fee for Qualified Forest Property) * (Number of years the property has been under exemption, not to exceed seven) * two

If at least one harvest was completed on the property:

Recapture Tax = (Taxable Value of the property) * (Number of operating mills levied by the local school district – Number of mills collected as a fee for Qualified Forest Property) * (Number of years the property has been under exemption, not to exceed seven)

17. **Question:** Does the local school district experience a drop in funding because of the exemption from local school operating taxes that has been granted for QFP land?

Answer: Local school districts are funded utilizing a combination of the School Education Tax and local school operating taxes. The maximum funding provided to each student is established by the state. If the local school operating taxes are reduced by participation of land in QFP, the school district would still receive funding for the students based on funding level established by the state.

18. **Question:** Why is the state of Michigan offering a tax incentive program for privately owned forestlands?

Answer: Michigan's forest products industry is influenced by three unique groups: federal land, state land, and private land. The federal government is not going to harvest any more timber than is currently being harvested. The state is harvesting lands at a rate very close to the yearly production rate. This means the amount of timber harvested is very close to the amount of timber grown on state-owned land. Today, it is estimated that private lands are producing four to five times the amount of timber than is being harvested on a yearly basis. Opportunities for growth in the forest products industry, the state's economy (especially in rural areas), and the pocketbooks of private forestland owners exist in timber harvests conducted on private land.