

Clarifying Intended Eligibility for Class 2c Managed Forest Lands Tax Classification



Summary

Forests provide a host of benefits to Minnesotans. They clean our air and water, provide food and habitat for wildlife, give us raw material to make wood products we use every day, mitigate effects of climate change, and offer beautiful places to explore and find solitude. Loss of forested areas poses an increasing threat to Minnesota's natural resources, communities, and economy. As forests fragment and disappear, so do the benefits they provide. By helping landowners keep their forests as forests, we encourage sustainable management and preserve forest benefits for all Minnesotans.

Conservation easements and property tax incentives are key tools used to help forest landowners maintain woodlands, protect forest benefits and avoid conversion to other uses such as development or agriculture. This proposal clarifies eligibility for one such incentive, the 2c Managed Forest Lands property tax classification.

The Minnesota Department of Revenue administers M.S. 273.13, Subd. 23(d), which authorizes Class 2c and the associated reduced tax rate of 0.65 percent. The 2c classification is applied to the property by county assessors. The Minnesota Department of Natural Resources verifies that the land proposed for Class 2c is guided by a forest management plan as defined in Sustainable Forest Incentive Act (M.S. Chapter 290C).

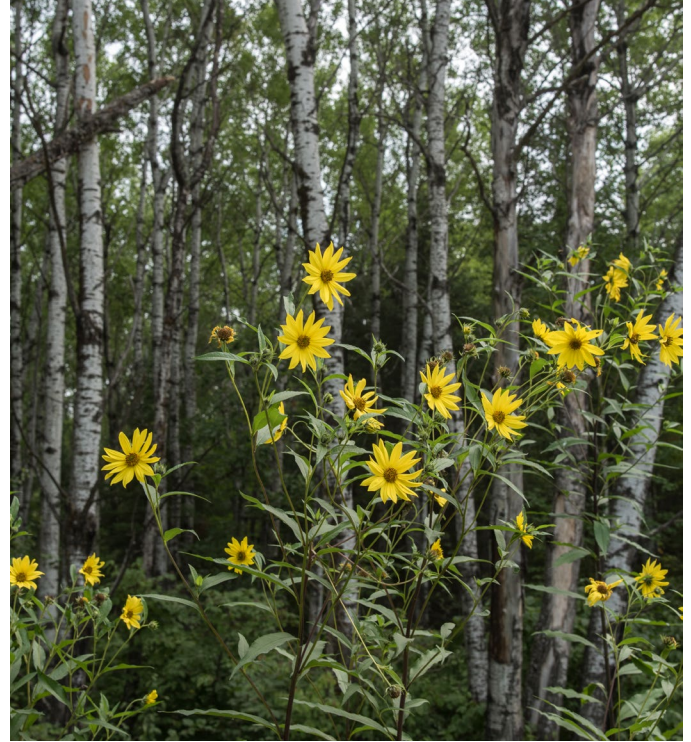
Over the past few years there has been inconsistency in the application of Class 2c to forest lands with conservation easements. Some county assessors consider such lands eligible for Class 2c, while some do not based on how the statute is written. The latter interpretation (i.e., that lands with conservation easements are ineligible) provides a disincentive for landowners to put their lands under conservation easements, which are a key tool in protecting wildlife habitat, water quality, and aesthetic and cultural benefits.



The decision to protect land in perpetuity with a conservation easement is significant. Like all forest management decisions, private forest landowners seek confidence in the financial impacts of a conservation easement as they weigh options. Currently, forest landowners who are considering or have an existing conservation easement face uncertainty about their property tax classification and eligibility for Class 2c.

Proposal

This proposal amends M.S. 273.13, Subd. 23(d) to clarify that forest land with a conservation easement is eligible for Class 2c tax incentives. The Minnesota Forestry Association, Minnesota Association of Consulting Foresters, and Minnesota Land Trust support this proposal.



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