

Sustainable Forests

A resource for Georgia landowners, sponsored by the SFI Implementation Committee.

“...In this world nothing is certain, except death and taxes”

- Benjamin Franklin

This issue of the Sustainable Forests is designed to provide Georgia forest landowners with more certainty around timber taxation – what should and shouldn't be taxed as well as some conservation options that allow forest landowners a mechanism to keep their land in forests even while development is happening around them.

These are complex topics and the space available in this newsletter doesn't allow coverage of every aspect of timberland taxation. Please use the links available here to learn more, and consider contacting a registered professional forester to help with forest planning.

At the very least, we want to whet your interest and encourage you to make sure you are using the options that are right for your land and your personal goals ... and that ensure you have an option to keep your land in forests.



Development can be a big threat to landowners who want to keep their land in forests.

Timberland Taxation: Understanding Your Options

Georgia has 24 million acres of timberland, but pressures from urbanization and population growth are encroaching on much of this forested land. The result is often fragmented forested areas and property that is taxed based on highest and best use, not the land's current use.

Ad valorem property taxes, which are paid by property owners, contribute almost 50 percent of Georgia tax revenues, and are especially important at the local level – funding county and city governments, and school systems. As a Georgia forest landowner, it is important that you know as much as possible about the tax laws that determine ad valorem property taxes for your land and timber.

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Timberland Taxation: Understanding Your Options

The Basics

First of all, land and timber should never be taxed together. Timber is only taxed at harvest, but the land it's growing on is taxed annually. There are only three ways to determine the value of "bare land" in Georgia:

- 1) Fair Market Value** – Used for valuing "real estate" and based heavily on comparable sales.
- 2) Preferential Assessment for Agricultural and Forestry Property** – Uses fair market value but applies a more favorable formula to reflect land use.
- 3) Conservation Use Properties** – Reflects current use, most often through Conservation Use Valuation Assessment (CUVA), and Forest Land Protection Act (FLPA).

While fair market value formulas are applied to all of these options, the options available under both No. 2 and No. 3 include limitations or restrictions on how a landowner uses the property for a specified period of time. For example, if you designate it for forestry use, you cannot change the land use without a penalty. These conservation covenants decrease the taxable value of the land resulting in more favorable ad valorem property tax treatment for landowners.

Conservation Use Tax Options Available

Since 1992, private non-industrial landowners like you were provided an option to enroll up to 2,000 acres in a Conservation Valuation Assessment (CUVA) program. The goals of this program were to make it attractive for you to continue to grow and manage forests, agricultural crops and related businesses.

Several years later, the Forestland Protection Act (FLPA) provided a similar conservation option for private and corporate forest landowners with larger acreages (200+ acres), who primarily manage their land for timber production or wildlife habitat.

While both CUVA and FLPA have been available for a while, there's often some confusion between the two (See chart on page 3 for side-by-side comparison).

What You Should Consider

First of all, no landowner's situation is the same. The benefits of a conservation covenant can vary greatly depending on a landowner's management objectives, financial and family situation. Some landowners may also need to deal with environmentally sensitive or historically significant properties.

While circumstances may be different, one thing is certain – a decision to enter into any type of conservation covenant should be made on a case-by-case basis. Neither of these conservation options (CUVA or FLPA) are irreversible; however, they do carry some penalties if

landowners wish to dissolve the agreement before the end of the 10-year or 15-year (FLPA only) agreement term.

Conservation easements also can help landowners meet requirements for certification to the Sustainable Forestry Initiative (SFI) Standard.

"The SFI Committee in Georgia supports favorable tax treatment for forestland for many reasons," says SFI Committee Chairman James Norris. "Anything that incentivizes landowners to own and manage forests is good for the sustainability of the state's forests while benefitting the landowner and broader forestry community."

Savings to All Landowners*

(by program)

CUVA \$269 million

FLPA \$8.9 million

* for fiscal year 2013

Property Tax vs. Income Tax

All of the options mentioned here are related to property tax. Income taxes are completely separate; however, landowners who put their property into a conservation covenant may be able to get an income tax break or tax credit. Consult your tax advisor or refer to the National Timber Tax website (www.timbertax.org).

CUVA & FLPA: A Side-by-Side Comparison

Program	CUVA (Conservation Use Valuation Assessment)	FLPA (Forest Land Protection Act) (pronounced Flipa)
Length	10 years	15 years
Acreage	Generally, minimum of 10 to a maximum of 2,000 acres. County tax assessors cannot require written management plans if they meet the 10-acre minimum; however, assessors can require additional information for less than 10 acres	Minimum 200 acres; No maximum; Acreage must be contiguous
Type of Land Use	Agricultural, forestlands and environmentally sensitive areas	Primarily for forestry use (50%+). Commercial production of trees, timber, or other wood and wood fiber products; Also, wildlife habitat, hunting/fishing, conservation banking and others
Type of Landowner	Any landowner with smaller acreages as noted above	Mainly individuals or corporate land-owners who have large working forests
Tax benefit at county level	Properties are typically assessed at 40% of the Assessed Value (varies by county)	Properties are typically assessed at 40% of the Assessed Value (varies by county)
Penalties for breaking the conservation use covenant	Must pay back 2x the amount of savings received plus applicable interest up to the point the covenant was breached	More severe penalties for breaking the covenant early (up to 3x the savings received if within the first 5 years and less for each subsequent 5-year period)
How to Apply	Contact your County Tax Assessor	Contact your County Tax Assessor
When to Apply	Between January 1 and April 1 for property owned on January 1	Between January 1 and April 1 for property owned on January 1
More Information	More information on both CUVA and FLPA are available: Georgia Department of Revenue Website https://dor.georgia.gov/digest-compliance-section	

Forestry News Roundup

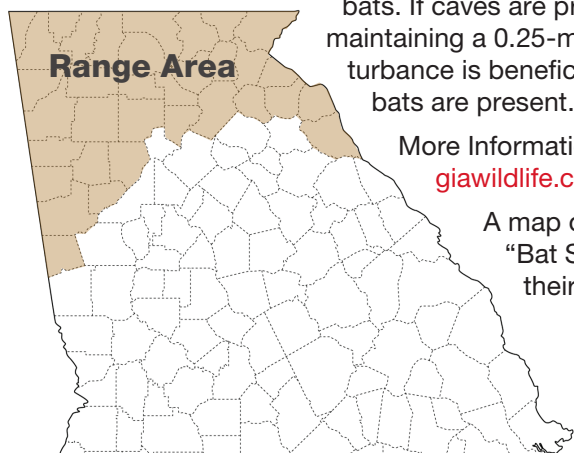
Species of Interest: Northern Long-Eared Bat

Georgia is home to sixteen species of bats, including the Northern long-eared bat. If you own forestland in the northern third of Georgia, there's a good chance that you have had this species of bat on your property. Populations of Northern long-eared bats have declined, primarily due to a virus known as White-nose Syndrome (WNS), and are being considered for greater protection under the Endangered Species Act.

In winter, the bats hibernate in caves. Managing forests for a variety of habitat types and leaving some snags and older trees is important for bats. If caves are present on your property, maintaining a 0.25-mile buffer of minimal disturbance is beneficial, regardless of whether bats are present.

More Information, go to: <http://www.georgiawildlife.com/Conservation/Bats>.

A map on the same site under "Bat Survey Guidance" shows their habitat range in Georgia.



Your Opinion is Needed!

The UGA Warnell School of Forestry and the Georgia Forestry Association have teamed up to learn how the Endangered Species Act is impacting Georgia's private forest landowners. They are trying to get as many landowner responses as possible by the first of 2016. Your response will help shape policies that respect private property rights while aiding in endangered species recovery.

Access the survey on the Georgia Forestry Association website:

<http://gfagrow.org>, look in the "News & Press" section or type in the full url: <http://gfagrow.org/warnell-researchers-study-effects-of-esa-on-private-landowners/>



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Promoting Wood Use in Commercial Buildings

reTHINK Wood® and the Tall Wood building initiative is a focused effort to promote wood for use in multi-story commercial construction.



Wood is being touted as a renewable, versatile and cost-effective material when compared to steel and concrete construction. And thanks to technology, new engineered wood products are designed to meet code for commercial construction projects. Recently, a U.S. Tall Wood Building competition awarded grants to

winners to support the development of Tall Wood demonstration projects in New York and Portland, Oregon. Go to <http://www.rethinkwood.com> for more information.

New Tree Farm Program Administrator in Georgia

Veteran forester Frank Green is the new Tree Farm Program Administrator for Georgia. Frank has more than 40 years of experience in Georgia forestry; he worked for the state Forestry Commission for many years as Associate Chief of Forest Management, among other roles.

As the Georgia Program Administrator for the American Tree Farm System, Frank is a resource for private landowners who want to align themselves with other landowners under the Tree Farm organization. Tree Farm is a program for woodland owners who are committed to sustainably managing their woods for wood, water, wildlife and recreation, and even offers certification to sustainability standards for members. At the state level, Tree Farm is supported by various partners, including industry, non-profits and government.



For more Information, go to: www.treefarmsystem.org; under "Take Action," click the link to find your state contact information.

For more information about SFI, call 706-542-7691 or log on to www.sfi-georgia.org.

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