

**Qualified Forest Program (QFP)
Frequently Asked Questions**

The Qualified Forest Program (QFP) is administered by the Michigan Department of Agriculture and Rural Development (MDARD) under MCL 211.7jj[1], as amended by PA 672 of 2018. The following questions and answers relate to 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 to enroll in the program. You must also agree to manage your forest following 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.

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 aid with your property taxes.

(a) When you execute a Qualified Forest School Tax Affidavit (QFSTA) it 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), if you are purchasing forested land that is already enrolled in 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 of the taxable value of the land 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 on how to proceed. Information is also available at www.michigan.gov/qfp. The landowner should obtain a forest management plan written by a qualified forester for their property. Once that is completed, the landowner would submit 1) an application; 2) a copy of the forest management plan; 3) stand harvest schedule; 4) copies of current deeds and 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 tax year. If the application is approved, you will receive a Qualified Forest School Tax Affidavit from MDARD to sign, notarize, and record. Once the Affidavit is recorded at your local County Register of Deeds office, you would present the document to the local taxing authority on or 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; 4) is a Registered Forester and/or 5) is a member of the Association of Consulting Foresters. MDARD provides a list of Qualified Foresters by county which is available at www.michigan.gov/qfp.

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 applying 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 that provides recommendations and direction in the management and harvesting of your forest. By statute, 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 which specifies the approximate period 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 can be found at www.michigan.gov/qfp. 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/qfp. The preparation of a forest management plan can take a few months to create, depending on the time of the year.

11. **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.

12. **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. However, the addition of any structure cannot reduce the stocking density below the minimum parcel requirement and 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 unit assessor will determine the amount of land beneath the building that no longer receives the exemption. Please see the State Tax Commission Memo dated April 8, 2014, for further guidance.

13. **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 QFP Affidavit, 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 local Conservation District in any year that forest practices or harvests are to occur.

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

14. **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, which is obtained from MDARD, with the register of deeds for the county in which the property is located. The property will be subject to a QFSTA recapture tax as follows:

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).

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.

15. **Question:** How can a landowner withdraw from QFTVA?

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

Repayment = The amount of taxes that would have been paid had the taxable value not remained capped after the sale of the property (not to exceed 10 years).

16. **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 yearly. 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.

17. **Question:** Is it possible to change the size or configuration of an existing parcel that might not otherwise qualify for the Program?

Answer: Parcels might qualify to be split or combined. Those actions require local assessor approval. Generally, the local assessor or County Equalization Department will confirm the new parcel information with a tentative parcel number, legal description, etc. to be used for the next tax year.

18. **Question:** Will the Summer tax bill collection of the annual 2 Mill QFP fee affect the ability of local tax units to retain the \$2.50 per parcel SET collection fee for those that qualify?

Answer: No, PA 672 of 2018 does not affect the retention of the \$2.50 collection fee. The 2 Mill QFP charge is considered a fee, not a property tax.

19. **Question:** Does QFP harm the local school funding?

Answer: No, Michigan schools are funded on a per-pupil basis. While QFP does provide a tax exemption for qualified property owners from the 18 mills School Operation Tax levied at the local level, payments from the state School Aid Fund are based on the difference between locally generated revenue and a district's foundation allowance. If local funding sources do not equal the funding required on a per-pupil basis, the State of Michigan's School Aid Fund will make up the difference to ensure the per-pupil amount is met.