

Comparison of Wisconsin, Michigan and Minnesota Forest Management Tax Incentive Programs

Principles Comparison

Wisconsin Managed Forest Law (MFL) Purposes ¹	Wisconsin Managed Forest Law (MFL) ²	Michigan Commercial Forest Act (CFA) ³	Michigan Qualified Forest Property Tax Program (QFP) ⁴	Minnesota Sustainable Forest Incentive Act (SFIA) ⁵
Encourage the management of private forest lands for the production of future forest crops for commercial use through sound forestry practices ⁶ ;	Reduced real estate tax. Two tiered approach; 'open' and 'closed'; rate is adjusted periodically; Management Plan required.	Reduce real estate tax; single rate; adjusted periodically. Management Plan required.	Reduce real estate tax. Management Plan required.	Payment to landowner; single rate; adjusted periodically. Management Plan required.
Recognizing the objectives of individual property owners compatible recreational uses, watershed protection, development of wildlife habitat; and	DNR is required to consider other benefits in Management Plan other than just timber production	At the minimum DNR requires plan to prescribe measures to optimize, production, utilization and regeneration of forest resources. Management Plan can include other forest uses and benefits.	Management Plan must describe activities undertaken for the management of forest resources other than trees.	Yes. Management Plan must follow guidelines created by the Minnesota Forest Resources Council (MFRC) that consider forest benefits other than timber.
Accessibility of private property to the public for recreational purposes.	'Open' classification provides access for hunting, fishing, hiking, sight-seeing, cross country skiing, 'Closed' classification no access.	Public access for hunting, fishing and trapping. For access for other recreational use.	No public access required.	Public access for ownerships > 1,920 acres to fish and wildlife resources.
Not hamper the towns in which such lands lie from receiving their just tax revenue from such lands. ⁷	Landowner pays real estate tax. 'Closed' classification: municipality transfers to the county and then sent (100%) to DNR; 'Open' classification: 80% retained by the municipality and 20% sent to the county.	State pays fixed rate annually to the county where land is enrolled.	Real estate tax reduction is an exemption of certain school operating taxes; landowner pays annual enrollment fee to local tax unit.	Landowner pays real estate taxes (state and local).

¹ Wisconsin Statute 77.80

² Wisconsin's Managed Forest Law, A Program Summary, PUB-FR-295 (Rev. January 2013)

³ Commercial Forest Summary, Michigan Department of Natural Resources, Forestry Division

⁴ Qualified Forest Property Tax Program, Forestry Fact Sheet 32, Michigan State University Extension, March 2008

⁵ Property Tax Relief for Forest Landowners, Mel Baughman, Extension Forester and Program Leader, University of Minnesota.

⁶ Sound Forestry Practices means timber cutting, transporting and forest cultural methods recommended or approved by the department for the effective propagation and improvement of the various timber types common to Wisconsin. 'Sound forestry practices' also may include, where consistent with landowner objectives and approved by the department, the management of forest resources other than trees including wildlife habitat, watersheds, aesthetics and endangered and threatened plant and animal species. Wis. Admin Code NR 46.15(29)

⁷ Wis. Stats. S. 77.01; Wis. Statute 77.89

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Common Program Components Comparison

Component	Wisconsin Managed Forest Law (MFL) ¹	Michigan Commercial Forest Act (CFA) ^{3,8}	Michigan Qualified Forest Property Tax Program (QFP)	Minnesota Sustainable Forest Incentive Act (SFIA) ⁴
Acres (minimum)	10 contiguous acres; 80% forested.	40 contiguous forested acres; 51% or more productive.	20 contiguous acres; 80% productive.	20 contiguous acres; 50% is forested.
Commitment Period	25 or 50 year period at discretion of landowner.	Landowner's discretion.	Landowner's discretion	Minimum of 8 years.
Management Plan	Written by Certified Plan Writer approved by DNR or DNR forester. Plan include mandatory practices and non-mandatory practices. Failure to follow plan can result in loss of MFL designation. Average management plan cost is \$12.57/acre i.e. 20 acre parcel \$251.	Written by registered forester or natural resource professional for commercial timber production. Must meet the minimum requirements established by the DNR. A violation of the plan is also a violation of the statute.	Approved Forest Management Plan. \$200 fee for DNR to review the plan; \$100 if plan approved by a third-party certifying organization (FSC or SFI). Landowner must agree to follow plan.	Prepared within last 10 years by a DNR approved plan writer. Plan recommendations must adhere to the guidelines created by the Minnesota Forest Resources Council (MFRC). Violations of enrollment conditions can remove all land enrolled. Calendar of management activities must be followed. Minimum fee to DNR and Forest Stewardship Plan writers is \$230 for 20 acre Management Plan with a maximum of \$1,000 < 1,000 acres. DNR will not write plan > 1,000 acres
Voluntary Withdrawal Mechanism	Yes –Withdrawal application fee \$300.	Yes – Withdrawal application fee applies (same as Application Fee)	Yes – Withdrawal Application	Yes- 4 years to end agreement; when withdrawal occurs cannot enroll same acres for 3 years
Application Fee	\$30 per application; \$30/ county	< 200 acres \$200; \$1 acre additional up to a maximum amount \$1000.	None	None
Public Access/Use	'Open' designation public access for hunting, fishing, hiking, sight-seeing and cross-country skiing. 'Closed' allows landowner to restrict or permit access.	Open for fishing, hunting and trapping.	No	Required if > 1,920 acres enrolled for fish and wildlife resources.
Tax Provision	Tiered approach. 'Closed' landowner pays \$10.68/acre and 'Open' landowner pays \$2.14/acre. Also a 5% Yield tax at time of timber harvest. Acreage rate and yield tax adjusted periodically.	Landowner pays \$1.25/acre annually. Rate adjusted periodically.	Landowner is exempt from certain school operating taxes up to 18 mills.	MN DOR pays landowners \$7/acre minimum. Annual rate varies depending on class and property value. Rates adjusted annually. Payment is taxable income.
Residence Provision	No buildings " <i>developed for human residence</i> ".	No buildings and improvements except those used for commercial forest management operations.	No building or structures permitted.	No temporary or permanent dwelling.
Enrolled Acres/ Large vs. Small	3.3 million/ 750K 'large' forest owner 2.5 million small forest owner.	2.2 million/1.8 million 'large' forest owner 250K small forest owner.	220K/ 'large' and small breakout NA	740K/ 'large' and small breakout NA.

⁸ Department of Natural Resources Division Commercial Forests, www.michigan.gov/