

## MINNESOTA ▪ REVENUE

### MEMO

Date: July 16, 2008

To: County Assessors

From: **Drew Imes, State Program Administrator**  
Information and Education Section

Subject: The new **Class 2c Managed Forest Land**

Minnesota Laws 2008, chapter 366 (House File 3149), creates a new classification, which has been given the name **Class 2c Managed Forest Land**, that provides qualifying land with a class rate of 0.65 percent for the 2008 assessment. This classification is made available to unplatted property that is rural in character, not used for agricultural purposes, and not improved with a structure. (*A minor ancillary nonresidential structure does not disqualify the property.*)

A parcel must have at least 20 acres being enrolled in order to qualify for the classification, and total enrolled acreage is limited to 1,920 acres statewide per taxpayer. The property must have a qualifying **forest management plan** (forest stewardship plan) in place that was developed by an approved forest management plan writer within the last ten years. The forest management plan must meet the same requirements of forest management plans prescribed to property enrolled in the SFIA program (290C), but the actual property **cannot** be enrolled in the SFIA program.

#### **Minor ancillary nonresidential structure and split classification**

The department has defined “minor ancillary nonresidential structures” as sheds or other primitive structures, the aggregate size of which are less than 300 square feet that add minimal value and are not used residentially; provided that the occasional overnight use for hunting or other outdoor activities shall not preclude a structure from being considered a minor, ancillary structure.

If any structure or group of structures totals 300 or more square feet, or if any structure is used residentially on more than an occasional basis, or if there is an improved building site that provides water, sewer or electrical hook ups for residential purposes, the property must be split classed according to the appropriate use or uses of the property.

A property that is improved with a structure that is not a minor ancillary nonresidential structure must be split-classified, with at least 10 acres being assigned to, and centered on, the structure. If a property must be split-classified and the resulting forest land is less than 20 acres, the property is not eligible for the classification.

We envision that there will be instances when parcels containing forest land will have more than one use. In these circumstances, the land covered under the forest management plan should split-classified as 2c (if application has been made) and the remaining land should be classified according to its use. For example: A 360 acre parcel containing 200 acres of agricultural land and 160 acres of forest covered under a forest management plan should be split-classified, with 200 acres being classified as agricultural and 160 acres being classified as 2c Managed Forest Land (if application has been made).

### **Applications**

Property owners must complete an application by September 1, 2008 and provide it to the county assessor to verify that the property qualifies for the reduced class rate. Current law does not provide for an application deadline. We will be seeking legislation establishing a May 1 application deadline for future years.

A copy of an applicant's forest management plan must be attached to their application. Property owners must follow the guidelines prescribed by the forest management plan if they wish to continue to receive the reduced class rate. The DNR has told us that forest management plans will eventually list the number of acres eligible for 2c classification. However, it will still be up to the assessor to remove 10 acres for any structure or use that does **not** qualify as a minor ancillary nonresidential structure.

The Department of Revenue is providing the counties with the attached application to be distributed to taxpayers interested in the 2c Managed Forest Land classification. In addition, we will continue to provide counties with a list of parcels enrolled in the SFIA program. Assessors must verify that any parcels receiving the reduced classification rate for Class 2c Managed Forest Land are not enrolled in the SFIA program.

The commissioner of natural resources (DNR) will provide the county assessor with annual verification information by sending an annual list of names of property owners who have a registered forest management plan in a particular county. In order to continue to qualify for the 2c Managed Forest Land Classification, a property owner's name must be listed on the DNR's annual list of registered forest management plans.

If you have any questions or comments concerning this information, please direct them to [proptax.question@state.mn.us](mailto:proptax.question@state.mn.us).