

1 H.697

2 Introduced by Committee on Natural Resources, Fish, and Wildlife

3 Date:

4 Subject: Taxation; use value appraisal; reserve forestland

5 Statement of purpose of bill as introduced: This bill proposes to authorize  
6 enrollment of reserve forestland in the Use Value Appraisal Program as a new  
7 category of managed forestland where active growing and harvesting of forest  
8 crops would not be required.

9 An act relating to eligibility of reserve forestland for enrollment in the Use  
10 Value Appraisal Program

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 Sec. 1. FINDINGS

13 The General Assembly finds:

14 (1) Vermont's forests:

15 (A) provide unique and irreplaceable resources, benefits, and values  
16 of statewide importance;

17 (B) contribute to the protection and conservation of wildlife, wildlife  
18 habitat, air, water, and soil resources of the State;

19 (C) provide a resource for the State constitutional right to hunt and  
20 fish;

1           (D) mitigate the effects of climate change; and

2           (E) are a general benefit to the health and welfare of the persons of  
3 the State.

4           (2) Privately owned forestland:

5           (A) constitutes nearly 80 percent of Vermont's forests;

6           (B) provides the foundation for ecosystem services derived from  
7 Vermont's forests, including wildlife habitat, connectivity, and biodiversity;  
8 provisioning of clean air and carbon sequestration and storage; scenic beauty;  
9 flood attenuation; and clean water; and

10           (C) provides the foundation of the forest economy in the State that,  
11 in total, contributes more than 13,000 jobs and \$2.1 billion to Vermont's  
12 economy.

13           (3) The Use Value Appraisal Program:

14           (A) has encouraged and assisted in the maintenance of the working  
15 landscape and rural character of Vermont and the protection of natural  
16 ecological systems for more than 40 years;

17           (B) currently has approximately 16,000 forestland parcels  
18 encompassing two million acres of enrolled forestland;

19           (C) has enrolled approximately 70 percent of the eligible forestland  
20 acres in the State and 55 percent of the eligible forestland parcels in the State;

1           (D) is critical for helping landowners keep forest as forest and  
2           ensuring its careful stewardship and management; and

3           (E) has, with few exceptions, limited eligibility and enrollment to  
4           those lands that are actively managed for timber and related forest products.

5           (4) Climate change:

6           (A) is creating challenges that threaten forest health, working forests,  
7           and ecological functions;

8           (B) causes significant negative ecologic and economic impacts, and  
9           forests constitute Vermont's most valuable resource for adapting to and  
10          mitigating these impacts; and

11          (C) is best mitigated and adapted to through a diversity of forest  
12          management strategies and forest conditions in Vermont.

13          (5) Forests that exhibit old forest characteristics:

14          (A) can provide unique contributions to biodiversity;

15          (B) contribute to and complement the climate resilience and adaptive  
16          capacity of Vermont's working landscape;

17          (C) serve as ecological benchmarks against which to measure active  
18          management of Vermont's forests;

19          (D) are less than one percent of Vermont's forestland; and

20          (E) can be effectively attained through passive or restorative  
21          management or silviculture.

1           (6) Preserving the working landscape and attainment of old forest  
2           conditions at a meaningful scale are compatible and complementary goals  
3           within Vermont's landscape.

4           (7) However, forests that are managed passively for old forest  
5           characteristics are only eligible for enrollment in the Use Value Appraisal  
6           Program under very limited circumstances.

7           (8) It is in the public interest of the persons of the State to increase  
8           opportunities within the Use Value Appraisal Program for attainment of old  
9           forest while ensuring that the Program continues to effectively preserve the  
10           working landscape.

11       Sec. 2. 32 V.S.A chapter 124 is amended to read:

12                   CHAPTER 124. AGRICULTURAL AND FOREST LANDS

13                   Subchapter 1. Agricultural and Managed Forest Land Use Value  
14   Appraisal Program

15       § 3750. STATUTORY PURPOSES

          The statutory purpose of the Vermont Use Value Appraisal Program in  
chapter 124 of this title is to preserve the working landscape ~~and the rural~~  
~~character of Vermont,~~ *preserve the rural character of Vermont, and protect the*  
*natural ecological systems and natural resources of the forestland of Vermont.*

16       § 3751. STATEMENT OF PURPOSE

1 The purpose of this subchapter is to encourage and assist the maintenance  
2 of Vermont's productive agricultural and forestland; to encourage and assist in  
3 their conservation and preservation for future productive use and for the  
4 protection of natural ecological systems and services, including air and water  
5 quality, wildlife habitat and wildlife corridors, enhanced biodiversity, and  
6 forest health and integrity; to prevent the accelerated conversion of these lands  
7 to more intensive use by the pressure of property taxation at values  
8 incompatible with the productive capacity of the land; to achieve more  
9 equitable taxation for undeveloped lands; to encourage and assist in the  
10 preservation and enhancement of Vermont's scenic natural resources; to assist  
11 in climate adaptation and mitigation; and to enable the citizens of Vermont to  
12 plan its orderly growth in the face of increasing development pressures in the  
13 interests of the public health, safety, and welfare.

14 § 3752. DEFINITIONS

15 As used in this subchapter:

16 \* \* \*

17 (4) "Commissioner" means the Commissioner of Taxes.

18 (5)(A) "Development" means, for the purposes of determining whether  
19 a land use change tax is to be assessed under section 3757 of this chapter, the  
20 construction of any building, road, or other structure, or any mining,  
21 excavation, or landfill activity.

1           (B) “Development” also means the subdivision of a parcel of land  
2           into two or more parcels, regardless of whether a change in use actually  
3           occurs, where one or more of the resulting parcels contains less than 25 acres  
4           each; but if subdivision is solely the result of a transfer to one or more of a  
5           spouse, ex-spouse in a divorce settlement, parent, grandparent, child,  
6           grandchild, niece, nephew, or sibling of the transferor, or to the surviving  
7           spouse of any of the foregoing, then “development” shall not apply to any  
8           portion of the newly created parcel or parcels that qualify for enrollment and  
9           for which, within 30 days following the transfer, each transferee or transferor  
10          applies for reenrollment in the ~~use value appraisal program~~ Use Value  
11          Appraisal Program.

12           (C) “Development” also means the cutting of timber on property  
13          appraised under this chapter at use value in a manner contrary to a forest or  
14          conservation management plan as provided for in subsection 3755(b) of this  
15          title during the remaining term of the plan, or contrary to the minimum  
16          acceptable standards for forest management if the plan has expired; or a  
17          change in the parcel or use of the parcel in violation of the conservation  
18          management standards established by the Commissioner of Forests, Parks and  
19          Recreation.

20           (D) “Development” also means notification of the Director by the  
21          Secretary of Agriculture, Food and Markets under section 3756 of this title

1 that the owner or operator of agricultural land or a farm building is violating  
2 the water quality requirements of 6 V.S.A. chapter 215 or is failing to comply  
3 with the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10.

4 (E) The term “development” ~~shall~~ does not include the construction,  
5 reconstruction, structural alteration, relocation, or enlargement of any building,  
6 road, or other structure for farming, logging, forestry, or conservation  
7 purposes, but shall include the subsequent commencement of a use of that  
8 building, road, or structure for other than farming, logging, or forestry  
9 purposes.

10 \* \* \*

11 (9) “Managed forestland” means:

12 (A) ~~any~~ Any land, exclusive of any house site, that is at least 25 acres  
13 in size and that is under active long-term forest management for the purpose of  
14 growing and harvesting repeated forest crops or attaining old forest values and  
15 functions in accordance with minimum acceptable standards for forest  
16 management. Such land may include ~~eligible ecologically significant~~  
17 ~~treatment areas~~ the following in accordance with minimum acceptable  
18 standards for forest management and as approved by the Commissioner:

19 (i) eligible ecologically significant treatment areas; or

20 (ii) reserve forestland; or

21 (B) ~~any~~ Any land, exclusive of any house site, that is:

- 1 (i) certified under 10 V.S.A. § 6306(b);
- 2 (ii) owned by an organization that was certified by the
- 3 Commissioner of Taxes as a qualified organization as defined in 10 V.S.A.
- 4 § 6301a and for at least five years preceding its certification was determined
- 5 by the Internal Revenue Service to qualify as a Section 501(c)(3) organization
- 6 that is not a private foundation as defined in 26 U.S.C. § 509(a); and
- 7 (iii) under active conservation management in accord with
- 8 standards established by the Commissioner of Forests, Parks and Recreation.

9 \* \* \*

10 (12) “Use value appraisal” means, with respect to land, the price per

11 acre that the land would command if it were required to remain henceforth in

12 agriculture or forest use, as determined in accordance with the terms and

13 provisions of this subchapter. With respect to farm buildings, “use value

14 appraisal” means zero percent of fair market value.

15 \* \* \*

16 (16) “Ecologically significant treatment areas” means lands within a

17 parcel of managed forestland that will be managed using protective or

18 conservation management strategies and are not required to be managed for

19 timber, including old forests; State-significant natural communities; rare,

20 threatened, and endangered species; riparian areas; forested wetlands; and

21 vernal pools.





1 An initial forest management plan or conservation management plan must be  
2 filed with the Department of Forests, Parks and Recreation on or before  
3 October 1 and shall be effective for a 10-year period beginning the following  
4 April 1. Prior to expiration of a 10-year plan and on or before April 1 of the  
5 year in which the plan expires, the owner shall file a new conservation or  
6 forest management plan for the next succeeding 10 years to remain in the  
7 program.

8 \* \* \*

9 (3) There has not been filed with the Director an adverse inspection  
10 report by the Department stating that the management of the tract is contrary  
11 to the forest or management plan, conservation management plan, or contrary  
12 to the minimum acceptable standards for forest or conservation management.  
13 The management activity report shall be on a form prescribed by the  
14 Commissioner of Forests, Parks and Recreation in consultation with the  
15 Commissioner of Taxes and shall be signed by all the owners and shall contain  
16 the tax identification numbers of all the owners. All information contained  
17 within the management activity report shall be forwarded to the Department of  
18 Forests, Parks and Recreation, except for any tax identification number  
19 included in the report. If any owner satisfies the Department that he or she  
20 was prevented by accident, mistake, or misfortune from filing an initial or  
21 revised management plan that is required to be filed on or before October 1, or

1 a management plan update that is required to be filed on or before April 1 of  
2 the year in which the plan expires, or a management activity report that is  
3 required to be filed on or before February 1 of the year following the year  
4 when the management activity occurred, the owner may submit that  
5 management plan or management activity report at a later date; provided,  
6 however, no initial or revised management plan shall be received later than  
7 December 31, and no management plan update shall be received later than one  
8 year after April 1 of the year the plan expires, and no management activity  
9 report shall be received later than March 1.

10 (c) The Department of Forests, Parks and Recreation shall periodically  
11 review the management plans and each year review the management activity  
12 reports that have been filed.

13 (1) At intervals not to exceed 10 years, ~~that~~ the Department shall inspect  
14 each parcel of managed forestland qualified for use value appraisal to verify  
15 that the terms of the management plan have been carried out in a timely  
16 fashion.

17 (2) The Department shall have the ability to enter parcels of managed  
18 forestland for the purpose of inspections. The Department may bring any  
19 other staff from the Agency of Natural Resources that have the expertise to  
20 evaluate compliance with this chapter or staff that may be required to ensure  
21 the safety of the Department while conducting the inspections.

1 (3) If ~~that~~ the Department finds that the management of the tract is  
2 contrary to the conservation plan or forest management plan, or contrary to the  
3 minimum acceptable standards for conservation or forest management, it shall  
4 file with the owner, the assessing officials, and the Director an adverse  
5 inspection report within 30 days after the conclusion of the inspection process.

6 (d) After managed forestland has been removed from use value appraisal  
7 due to an adverse inspection report under subsection 3756(k) of this title, a  
8 new application for use value appraisal shall not be considered for a period of  
9 five years, and then the forest management plan shall be approved by the  
10 Department of Forests, Parks and Recreation only if a compliance report has  
11 been filed with the new forest management plan, certifying that appropriate  
12 measures have been taken to bring the parcel into compliance with minimum  
13 acceptable standards for forest or conservation management.

14 \* \* \*

15 ~~Sec. 3. DEPARTMENT OF FORESTS, PARKS AND RECREATION;~~

16 ~~MANAGEMENT STANDARDS FOR RESERVE FORESTLAND;~~

17 ~~IMPLEMENTATION~~

18 ~~(a) On or before December 31, 2022, the Commissioner of Forests, Parks~~  
19 ~~and Recreation, after consultation with the Division of Property Valuation and~~  
20 ~~Review and other interested parties, shall submit to the House Committees on~~  
21 ~~Natural Resources, Fish, and Wildlife and on Ways and Means and the Senate~~

1 ~~Committees on Natural Resources and Energy and on Finance the standards~~  
2 for the management of reserve forestland eligible for participation in the Use  
3 Value Appraisal Program under 32 V.S.A. § 3752(9)(A)(ii). The standards  
4 established by the Commissioner of Forests, Parks and Recreation shall be the  
5 same or substantially similar to the standards set forth in the Department of  
6 Forests, Parks and Recreation report on Considerations for a Reserve  
7 Forestland Subcategory in Vermont's Use Value Appraisal Program, dated  
8 October 15, 2021. The standards shall include:

- 9       (1) the threshold conditions or requirements for eligibility of reserve  
10 forestland in the Use Value Appraisal Program, including the specific  
11 attributes of parcels that would qualify for enrollment as reserve forestland;  
12       (2) the requirements of a forest management plan for reserve forestland;  
13       (3) the management activities allowed or prohibited on reserve  
14 forestland;  
15       (4) how a property owner, including an owner of land already enrolled  
16 in the Use Value Appraisal Program, would enroll land as reserve forestland;  
17       (5) the reporting and inspection requirements for reserve forestland; and  
18       (6) proposed legislation, if any, that the Commissioner of Forests, Parks  
19 and Recreation recommends to implement enrollment of reserve forestland in  
20 the Use Value Appraisal Program, including staffing or funding necessary for  
21 implementation.

1 ~~(b) Beginning July 1, 2023, managed forestland shall be eligible for~~  
2 ~~enrollment in the Use Value Appraisal Program as reserve forestland in~~  
3 ~~accordance with the minimum acceptable standards and administrative~~  
4 ~~requirements established by the Commissioner of Forests, Parks and~~  
5 ~~Recreation.~~

*Sec. 3. DEPARTMENT OF FORESTS, PARKS AND RECREATION;*

*REPORT ON ENROLLMENT OF RESERVE FORESTLAND  
IN USE VALUE APPRAISAL*

*(a) On or before December 31, 2022, the Commissioner of Forests, Parks and Recreation, after consultation with the Division of Property Valuation and Review and the Current Use Advisory Board, shall submit to the House Committees on Natural Resources, Fish, and Wildlife, on Agriculture and Forestry, and on Ways and Means and the Senate Committees on Natural Resources and Energy, on Agriculture, and on Finance a report regarding the enrollment of reserve forestland in the Use Value Appraisal Program. The report shall include the following:*

*(1) The standards for the management of reserve forestland eligible for participation in the Use Value Appraisal Program under 32 V.S.A. § 3752(9)(A)(ii). The standards established by the Commissioner of Forests, Parks and Recreation shall be the same or substantially similar to the standards set forth in the Department of Forests, Parks and Recreation report*

on Considerations for a Reserve Forestland Subcategory in Vermont's Use Value Appraisal Program, dated October 15, 2021.

(2) A summary of how a property owner of land already enrolled in the Use Value Appraisal Program as productive forestland would enroll land as reserve forestland and how a property owner of land enrolled in the Use Value Appraisal Program as reserve forestland would transition to enrollment as productive forestland.

(b) On or before December 31, 2024, the Commissioner of Taxes, after consultation with the Commissioner of Forests, Parks and Recreation, the Secretary of Agriculture, Food, And Markets, and the Current Use Advisory Board, shall submit to the House Committees on Natural Resources, Fish, and Wildlife, on Agriculture and Forestry, and on Ways and Means and the Senate Committees on Natural Resources and Energy, on Agriculture, and on Finance a report that examines the strategies and rates for the valuation of all land enrolled in the Use Value Appraisal Program and that recommends whether and how to ensure that the fiscal return to landowners and the State is consistent among use values and uses of the different categories of enrolled land.

*Sec. 3a. IMPLEMENTATION*

1 Beginning on July 1, 2023 and pursuant to 32 V.S.A. § 3755, managed  
2 forestland shall be eligible for enrollment in the Use Value Appraisal Program

1 as reserve forestland in accordance with the minimum acceptable standards  
2 and administrative requirements established by the Commissioner of Forests,  
3 Parks and Recreation.

4 Sec. 4. REPORT ON ENROLLMENT OF RESERVE FORESTLAND

5 On or before January 15, 2026, the Commissioner of Forests, Parks and  
6 Recreation, after consultation with the Director of Property Valuation and  
7 Review, shall report to the House Committees on Natural Resources, Fish, and  
8 Wildlife and on Ways and Means and the Senate Committees on Natural  
9 Resources and Energy and on Finance regarding enrollment of managed  
10 forestland under the Use Value Appraisal Program. The report shall include:

11 (1) a summary of how enrollment of managed forestland in the Use  
12 Value Appraisal Program has changed since passage of this act, including  
13 whether owners of managed forestland changed the status of enrollment of  
14 their land to reserve forestland or ecologically sensitive treatment areas;

15 (2) the number of persons enrolling land in the Use Value Appraisal  
16 Program as reserve forestland; and

17 (3) any other information that the Commissioner determines is relevant  
18 to the ongoing enrollment of reserve forestland in the Use Value Appraisal  
19 Program.



1 ~~Sec. 5. EFFECTIVE DATES~~

2 ~~(a) This section and Secs. 1 (findings), 3 (management standards for~~  
3 ~~reserve forestland), and 4 (report on enrollment) shall take effect on passage.~~

4 ~~(b) Sec. 2 (Use Value Appraisal Program) shall take effect on July 1, 2023.~~

*Sec. 5. EFFECTIVE DATES*

*(a) This section and Secs. 1 (findings), 3 (report on enrollment for reserve forestland), 3a (implementation), and 4 (report on enrollment) shall take effect on passage.*

*(b) Sec. 2 (Use Value Appraisal Program) shall take effect on July 1, 2023.*