

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

2 Date:

3 Subject: Taxation; use value appraisal; reserve forestland

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

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

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

11 Sec. 1. FINDINGS

12 The General Assembly finds:

13 (1) Vermont’s forests:

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

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

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

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

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

3 (2) Privately owned forestland:

4 (A) constitutes nearly 80 percent of Vermont’s forests;

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

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

12 (3) The Use Value Appraisal Program:

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

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

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

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

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

3 (4) Climate change:

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

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

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

11 (5) Forests that exhibit old forest characteristics:

12 (A) can provide unique contributions to biodiversity;

13 (B) contribute to and complement the climate resilience and adaptive
14 capacity of Vermont’s working landscape;

15 (C) serve as ecological benchmarks against which to measure active
16 management of Vermont’s forests;

17 (D) are less than one percent of Vermont’s forestland; and

18 (E) can be effectively attained through passive or restorative
19 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

16 The statutory purpose of the Vermont Use Value Appraisal Program in
17 chapter 124 of this title is to preserve the working landscape and the rural
18 character of Vermont.

19 § 3751. STATEMENT OF PURPOSE

20 The purpose of this subchapter is to encourage and assist the maintenance
21 of Vermont’s productive agricultural and forestland; to encourage and assist in

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

12 § 3752. DEFINITIONS

13 As used in this subchapter:

14 * * *

15 (4) “Commissioner” means the Commissioner of Taxes.

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

20 (B) “Development” also means the subdivision of a parcel of land
21 into two or more parcels, regardless of whether a change in use actually occurs,

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

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

17 (D) “Development” also means notification of the Director by the
18 Secretary of Agriculture, Food and Markets under section 3756 of this title that
19 the owner or operator of agricultural land or a farm building is violating the
20 water quality requirements of 6 V.S.A. chapter 215 or is failing to comply with
21 the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10.

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

7 * * *

8 (9) “Managed forestland” means:

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

16 (i) eligible ecologically significant treatment areas; or

17 (ii) reserve forestland; or

18 (B) any land, exclusive of any house site, that is:

19 (i) certified under 10 V.S.A. § 6306(b);

20 (ii) owned by an organization that was certified by the
21 Commissioner of Taxes as a qualified organization as defined in 10 V.S.A.

1 § 6301a and for at least five years preceding its certification was determined by
2 the Internal Revenue Service to qualify as a Section 501(c)(3) organization that
3 is not a private foundation as defined in 26 U.S.C. § 509(a); and

4 (iii) under active conservation management in accord with
5 standards established by the Commissioner of Forests, Parks and Recreation.

6 * * *

7 (12) “Use value appraisal” means, with respect to land, the price per
8 acre that the land would command if it were required to remain henceforth in
9 agriculture or forest use, as determined in accordance with the terms and
10 provisions of this subchapter. With respect to farm buildings, “use value
11 appraisal” means zero percent of fair market value.

12 * * *

13 (16) “Ecologically significant treatment areas” means lands within a
14 parcel of managed forestland that will be managed using protective or
15 conservation management strategies and are not required to be managed for
16 timber, including old forests; State-significant natural communities; rare,
17 threatened, and endangered species; riparian areas; forested wetlands; and
18 vernal pools.

19 (17) “Reserve forestland” means land that is managed for the purpose of
20 attaining old forest values and functions in accordance with minimum

1 acceptable standards for forest management and as approved by the
2 Commissioner.

3 * * *

4 § 3755. ELIGIBILITY FOR USE VALUE APPRAISALS

5 (a) Except as modified by subsection (b) of this section, any agricultural
6 land, managed forestland, and farm buildings that meet the criteria contained in
7 this subchapter and in the rules adopted by the Board shall be eligible for use
8 value appraisal.

9 (b) Managed forestland shall be eligible for use value appraisal under this
10 ~~subchapter~~ chapter only if:

11 (1) The land is subject to a forest management plan, ~~or~~ subject to a
12 conservation management plan in the case of lands certified under 10 V.S.A.
13 § 6306(b), that is filed in the manner and form required by the Department of
14 Forests, Parks and Recreation and that:

15 (A) Is signed by the owner of the parcel.

16 (B) Complies with subdivision 3752(9) of this title.

17 (C) Is approved by the Department of Forests, Parks and Recreation.

18 (D) Provides for continued conservation management, reserve
19 forestland management, or forest crop production on the parcel for 10 years.

20 An initial forest management plan or conservation management plan must be
21 filed with the Department of Forests, Parks and Recreation on or before

1 October 1 and shall be effective for a 10-year period beginning the following
2 April 1. Prior to expiration of a 10-year plan and on or before April 1 of the
3 year in which the plan expires, the owner shall file a new conservation or forest
4 management plan for the next succeeding 10 years to remain in the program.

5 * * *

6 (3) There has not been filed with the Director an adverse inspection
7 report by the Department stating that the management of the tract is contrary to
8 the forest ~~or~~ management plan, conservation management plan, or contrary to
9 the minimum acceptable standards for forest or conservation management.

10 The management activity report shall be on a form prescribed by the
11 Commissioner of Forests, Parks and Recreation in consultation with the
12 Commissioner of Taxes and shall be signed by all the owners and shall contain
13 the tax identification numbers of all the owners. All information contained
14 within the management activity report shall be forwarded to the Department of
15 Forests, Parks and Recreation, except for any tax identification number
16 included in the report. If any owner satisfies the Department that he or she was
17 prevented by accident, mistake, or misfortune from filing an initial or revised
18 management plan that is required to be filed on or before October 1, or a
19 management plan update that is required to be filed on or before April 1 of the
20 year in which the plan expires, or a management activity report that is required
21 to be filed on or before February 1 of the year following the year when the

1 management activity occurred, the owner may submit that management plan or
2 management activity report at a later date; provided, however, no initial or
3 revised management plan shall be received later than December 31, and no
4 management plan update shall be received later than one year after April 1 of
5 the year the plan expires, and no management activity report shall be received
6 later than March 1.

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

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

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

19 (3) If ~~that~~ the Department finds that the management of the tract is
20 contrary to the conservation plan or forest management plan, or contrary to the
21 minimum acceptable standards for conservation or forest management, it shall

1 file with the owner, the assessing officials, and the Director an adverse
2 inspection report within 30 days after the conclusion of the inspection process.

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

11 * * *

12 Sec. 3. DEPARTMENT OF FORESTS, PARKS AND RECREATION;
13 MANAGEMENT STANDARDS FOR RESERVE FORESTLAND;
14 **IMPLEMENTATION**

15 (a) On or before December 31, 2022, the Commissioner of Forests, Parks
16 and Recreation, after consultation with the Division of Property Valuation and
17 Review and other interested parties, shall submit to the House Committees on
18 Natural Resources, Fish, and Wildlife and on Ways and Means and the Senate
19 Committees on Natural Resources and Energy and on Finance the standards for
20 the management of reserve forestland eligible for participation in the Use
21 Value Appraisal Program under 32 V.S.A. § 3752(9)(A)(ii). The standards

1 established by the Commissioner of Forests, Parks and Recreation shall be the
2 same or substantially similar to the standards set forth in the Department of
3 Forests, Parks and Recreation report on Considerations for a Reserve
4 Forestland Subcategory in Vermont's Use Value Appraisal Program, dated
5 October 15, 2021. The standards shall include:

6 (1) the threshold conditions or requirements for eligibility of reserve
7 forestland in the Use Value Appraisal Program, including the specific
8 attributes of parcels that would qualify for enrollment as reserve forestland;

9 (2) the requirements of a forest management plan for reserve forestland;

10 (3) the management activities allowed or prohibited on reserve
11 forestland;

12 (4) how a property owner, including an owner of land already enrolled
13 in the Use Value Appraisal Program, would enroll land as reserve forestland;

14 (5) the reporting and inspection requirements for reserve forestland; and

15 (6) proposed legislation, if any, that the Commissioner of Forests, Parks
16 and Recreation recommends to implement enrollment of reserve forestland in
17 the Use Value Appraisal Program, including staffing or funding necessary for
18 implementation.

19 (b) Managed forestland shall be eligible for registration in the Use Value
20 Appraisal Program as reserve forestland beginning July 1, 2023.

21 Sec. 4. REPORT ON ENROLLMENT OF RESERVE FORESTLAND

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

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

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

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

16 Sec. 5. EFFECTIVE DATES

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

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