



# BIG SKY NIPF-ty NOTES

*Supporting non-industrial private forest owners (family forests)  
in their rightful and responsible use, management and  
enjoyment of their forested lands*



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## MFOA Board Members and 2016 Officers

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## Save the Dates - Forestry Forums for State Legislators

- Sunday, November 13, 2016, from 1:00 p.m. to 5:00 p.m. at the Radisson Colonial Hotel Helena, 2301 Colonial Dr, Helena, MT 59601
- Tuesday, December 6, 2016, from 1:00 p.m. to 5:00 p.m. at the Radisson Colonial Hotel Helena, 2301 Colonial Dr, Helena, MT 59601

The November 13 forum will be for newly elected legislators. These legislators will be gathering in Helena for an orientation to the legislature commencing November 14. The November 13 forum will be followed by a reception of hors d'oeuvres and beverages.

The December 6 forum will be for returning legislators. They will be gathering in Helena for meetings of the legislative leadership commencing December 7.

The Forestry Forum was previously called the Legislative Listening Session. The Forestry Forum is supported and sponsored by the MFOA, the Montana Wood Products Association, the Montana Logging Association, and the Montana Tree Farm System. The purpose of the Forestry Forum is to bring to the attention of State legislators the issues of the most significance to the forest industry, including private forest landowners. Forestry representatives will make presentations to highlight important concerns. The forums will allow you to meet and mingle with Montana legislators, forest owners, professional foresters, loggers, and others involved in forestry and wood products. The November forum will be followed by a reception. Please urgently provide MFOA important issues which you wish to be highlighted at the forums. Use email, U.S.P.S. mail, or telephone.

## Property tax assessments on forest lands

Recently MFOA was notified of a public hearing regarding changes to the Administrative Rules of Montana regarding property taxes on forested lands. After review, MFOA submitted a letter to the Department of Revenue supporting the corrections and clarifications to Administrative Rules of Montana 42.20.505 and 42.20.745. This caused us to think that MFOA members might like a brief summary of the system for identifying and taxing forest lands in Montana.

Overall, forest lands enjoy low taxation in relation to other lands. For example, in 2015 the tax rate for agricultural land was 2.16% whereas the forest lands rate was 0.37%.

The basic criteria for forest land classification are:

- Contiguous timber acreage of 15 acres or greater
- Timber acreage under one ownership
- Timber productivity rating of at least 100 board feet per acre annual increment

Per the 2015-2020 Montana Forest Land Classification Manual, land productivity is the basis for assessing forest land in Montana. The Department uses a model provided by the University of Montana. Features that influence productivity on a forest site include soils, climate, slope, aspect and elevation. The classification system measures potential, not actual, productivity. Potential and actual productivity are not synonymous.

The valuation of forest lands as of July 1, 2008, was used to determine the Taxable Market Values on the 2009-2014 real estate tax bills. Some forest owners saw decreases, and others saw increases.

The valuation of forest lands as of January 1, 2014, was/will be used to determine the Taxable Market Values on the 2015-2020 real estate tax bills. Most all forest owners saw significant decreases.

The valuation of forest lands as of January 1, 2020, will be used to determine the Taxable Market Values for the 2021-2026 real estate tax bills.

When a new cycle reappraisal is lower than the previous valuation (such as the January 1, 2014, valuation being less than the July 1, 2008 valuation), the new, lower valuation will be applied to each of the six years in the cycle. That is, if the Taxable Market Value for forest land property on the 2015 Real Estate Tax Bill was lower than the 2014 Taxable Market Value, then this lower Taxable Market Value will continue to be used on the 2016 through 2020 tax bills.

If a new cycle reappraisal is higher than the value of the last year of the prior cycle, the yearly property taxes will go up, but incrementally over six years, so that by the sixth year the full value of the reappraisal is being taxed. That is, if the January 1, 2020, reappraisal comes up with a number X which is higher than the 2020 value, the 2021, 2022, 2023, 2024 and 2025 valuations will still be less than X, and only the last year of the cycle (2026) will use that X valuation. (In essence, Montana takes six years to implement higher valuations.)

Note: Forest lands are assessed on a six year cycle whereas other real estate is assessed on a two year cycle.

### **Legislative input**

What do you want MFOA to do for YOU during the 2017 legislative session and beyond? We of course will be monitoring the 2017 legislative activities with the intent of representing you and other non-industrial private forest owners. Do you have any particular laws, contemplated bills, or other items for which you want support. Please advise us of items important to you.

### **HELP WANTED:**

Persons to testify before legislative committees. The Montana legislature commences its 2017 session on January 2, 2017. The MFOA needs you to volunteer your time to be available to make presentations on behalf of private forest owners (when proposed legislation warrants such action). Please consider this opportunity to contribute by contacting MFOA to express your interest.

### **Western Governors' Association (WGA) Initiative**

Montana Governor Steve Bullock is the Chair of the Western Governors' Association. The Association has created the "National Forest Rangeland Initiative." The initiative's purpose is to create a mechanism for state and land

managers to share best practices and policy options for forest and rangeland management. The WGA is holding a series of workshops as a part of this initiative. The first workshop was held in Missoula on September 20 and 21, 2016. The next workshop is scheduled for October 20 and 21 in Boise. I attended the live streaming of the September session. Presumably you will be able to livestream the Boise and later seminars. I found the workshop to be worthwhile. For more information you may check <http://westgov.org/initiatives/forest-and-rangeland-initiative/workshops>.

### **Big Sky Small Acres**

MSU Extension publishes the Big Sky Small Acres magazine which you might find interesting. It caters to people owning smaller parcels but some of its topics are useful to people with larger holdings. If you wish to sample or subscribe to this magazine (which is free electronically, but costs to have it mailed to you), go to [www.msuextension.org/BSSA/](http://www.msuextension.org/BSSA/) or telephone (406) 994-3273.