



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

Kenneth R. Lay
Secretary

August 11, 2010

MEMORANDUM

TO: County Assessors

FROM: David B. Baker, Director
Property Tax Division

RE: Forestry Management Plans

The position of our office is that the General Statutes require a forestry management plan to be in place prior to January 1 of the year for which the taxpayer makes a request for the present-use value benefit. Counties should make every effort to manage their forestry present-use value application and review processes to bring them into compliance with this statutory requirement.

We recently conducted a survey regarding forestry management plans within the present-use value program. Results of the survey show that there are a large number of forestry management plans that need to be written.

Here are some key results from the survey:

- 80 counties responded.
- 22.5% require a plan to be in place on January 1.
- 42.5% counties allow as long as necessary for a plan to be prepared (usually dependent on being on the NC Division of Forestry Resources list).
- 35% counties require the plan by some deadline after January 1.
- 2,430 taxpayers are on the NC Division of Forestry Resources waiting list (as of February 2010).
- These 80 counties estimate approximately 4,838 plans still need to be done to bring agricultural and horticultural parcels into compliance with the 20-acre rule.

The General Assembly passed SB 1161 (Session Law 2002-184), effective for tax years beginning on or after July 1, 2003, which requires forestry management plans for woodland greater than 20 acres that is located on agricultural or horticultural tracts. The survey results

show that there is a tremendous amount of work still needed for counties to come into compliance with this statutory requirement.

We addressed this issue in an e-mail dated March 14, 2005. Please review our recommendations in this e-mail concerning forestry management plans. This current memorandum serves as a reminder to the counties and we encourage all counties to come into compliance with the law as it is currently written.

If your county is not in compliance with the current statutes, we recommend that you work with your local County Forest Ranger's Office to establish a set future deadline to have all plans completed. We encourage you to work with them to determine time constraints and ability to fulfill this demand. It may be necessary to establish a deadline which encourages many taxpayers to pursue the route of obtaining an independent consultant for the plan. We request that you forward this deadline date to our office after it has been established.

Our office is of the opinion that tax offices should strongly consider contracting with a forest consultant to aid with the approval process of initial applications for forestry present-use value and to aid with the compliance review requirements of G.S. 105-296(j), which requires the assessor to review each year at least one-eighth of the parcels in present-use value. This would greatly benefit the tax office and foster public confidence as your office processes the applications and compliance reviews.

The websites below may be of assistance to the taxpayer and your office with forestry management plans.

NC Division of Forestry Resources
www.dfr.state.nc.us

Association of Consulting Foresters
www.acf-foresters.org

If you have any questions, please feel free to contact any member of the real property staff at (919) 733-7711.

Encl: E-mail dated 3/14/2005 regarding Forest Management Plans with Present Use Value

>>> Michael.Brown@dornc.com 3/14/2005 12:45 PM >>>
PTAX Members:

Please exercise care when dealing with the changes outlined in legislation (SB 1161) that requires property under the forestry section of present-use value to be under a sound management with a forestry management plan (FMP). This is specifically in reference to agricultural and horticultural applications that have more than 20 acres of forestry, and where your county has not required forestry management plans in the past but now is required to do so by statute.

If your county falls into this category then a catch-up period is needed. This would be where you give the taxpayers a window to bring their property into compliance with the new legislation. Without this catch-up period you flood and overwhelm the entire NC Forestry Service office. From my understanding they are short handed in reference to staff. Please note that they are not the only agency that can provide this service to the taxpayers. Private consultants can also provide this aid to the taxpayers. NC Forest Service can provide them for free. However, this service comes with a fee from a private consultant.

Our office, along with Rick Hamilton from Forestry Division, NCSU, strongly recommends a meeting between your local County Forest Ranger and the County Assessor before making request for numerous forestry management plans from the taxpayers. Yes, the statutes do require that forestry management plans are a requirement now. But, if your county has not been requiring plans you need to know how this is going to affect your county. Some County Forest Service offices will be tremendously overwhelmed by the demands of a assessor's office to have numerous forestry management plans demanded of them within a short period of time.

Example: If your Forest Service has a one-year backlog for request for FMP then obviously your county should not set a deadline of six months for taxpayers to have the plans returned. In this example with a year backlog, you could ask for plans to be delivered within two years. The longest period that we would ever recommend would be for three years.

We are not saying you should give all of them three years to provide a FMP. We think that a reasonable amount of time past where the Forest Service could provide the plan is acceptable. That reasonable amount of time could be six months to a year. Our office believes once this catch-up period is completed then your office should require FMP when the taxpayer makes application. These plans can be obtained from the private sector also.

Contacts for obtaining a FMP:

Association of Consulting Foresters
(919) 303-9957
(888) 540-8733
www.acf-foresters.com

NC Cooperative Extension
Contact your local Extension Agent
www.ces.ncsu.edu

NC Division of Forest Resources
(919) 733-2162
www.dfr.state.nc.us

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