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### Overview

This bill makes a number of changes to the Sustainable Forest Incentive Act (SFIA) and appropriates money.

#### Section

- 1 **Purpose.** Amends § 290C.01. Modifies the purposes of the SFIA to emphasize the economic and ecological benefits.
- 2 **Application.** Amends § 290C.02, subd. 1. Modifies the application of certain terms applicable to the SFIA to all sections of the act effective the day following final enactment.
- 3 **Claimant.** Amends § 290C.02, subd. 3. Removes a requirement that a purchaser or grantee notify the commissioner when selling or transferring property enrolled in the program and modifies the date other notifications to the commissioner must be made. The section is effective for certifications and applications due in or after 2018.
- 4 **Forest land.** Amends § 290C.02, subd. 6. Allows land exceeding 60,000 acres subject to a single conservation easement and land that has a paved trail under an easement, lease or license to the state or political subdivision to be eligible for the program. The section is effective for certifications and applications due in or after 2018.
- 5 **Eligibility requirements.** Amends § 290C.03. Adds requirements to the program, including: requiring lands enrolled that have a conservation easement funded by the outdoor heritage fund or a comparable easement to provide year round nonmotorized access; requiring a forest management plan registered and approved by the commissioner of natural resources; and prohibiting classification of any land enrolled as class 2c managed forest land. Requires the commissioner of natural resources to annually provide county assessors with registration

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information as required under the previous section. States that a minimum of three acres must be excluded from enrolled land when there is an improved structure, excluding minor and other structures. The section is effective for certifications and applications due in or after 2018.

- 6 **Applications.** Amends § 290C.04. Extends the application filing date (from September 30 to October 31) and modifies application requirements. Requires electronic notifications between the commissioners of revenue and natural resources. The section is effective for certifications and applications due in or after 2018.
- 7 **Annual certification and monitoring.** Amends § 290C.05. Modifies certain dates for the certification process and defines the claimant as the current property owner for purposes of certification. Requires the commissioner of natural resources to provide a certification form and annual report, and to conduct annual monitoring of a subset of claimants beginning July 1, 2019. The section is effective for certifications and applications due in or after 2018.
- 8 **Length of covenant.** Amends § 290C.055. Provides that covenants for claimants enrolling land under certain conservation easements have a minimum duration of eight years, and other lands are for eight, 20, or 50 years and modifies termination provisions to accommodate the change. The section is effective for certifications and applications due in or after 2018.
- 9 **Calculation of incentive payment.** Amends § 290C.07. Modifies the payment rate for calculations made in 2018 and after to equal a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, the estimated market value per acre, and a class rate of 1 percent. States that the payment must not be less than the payment received in 2017. Provides additional payments for lands under conservation easements that provide public access.
- 10 **Annual payment.** Amends § 290C.08, subd. 1. Requires the commissioner of natural resources to certify eligibility for payments by September 15 each year. The section is effective for certifications and applications due in or after 2018.
- 11 **Withdrawal procedures.** Amends § 290C.10. Modifies withdrawal procedures, including allowing early withdrawal without a penalty when: (1) a government or nonprofit entity acquires a permanent conservation easement on land that is at least as restrictive as the covenant required under the program; and (2) the land is acquired (in fee or easement) or under a lease for purposes of a paved trail. Provisions allowing early withdrawal are effective the day following final enactment.
- 12 **Transfer of ownership.** Adds § 290C.101. Requires an owner of land enrolled in the program to notify the commissioner within 60 days. The commissioner is required to notify the new owners of the restrictions of the new covenant and the withdrawal procedures. Requires the new owner to apply and register a new forest management plan with the commissioner of natural resources within two years of taking ownership of the property in order to be eligible for payments under the program. Requires the commissioner to terminate the lands enrollment if the new owner fails to register in time. The section is effective July 1, 2017.

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- 13 Penalties for removal.** Amends § 290C.11. Applies applicable penalties to the current owner of lands enrolled in the program. Requires the commissioner of natural resources to notify the commissioner of revenue if the land is being used for purposes other than forestry and specifies the calculation of penalties. The section is effective for certifications and applications due in or after 2018.
- 14 Determination of appeal.** Amends § 290C.13, subd. 6. Requires the commissioner of revenue to consult with the commissioner of natural resources regarding certain SFIA appeals effective the day following final enactment.
- 15 Effective date.** Amends Laws 2016, ch. 187, sec. 5. Amends the effective date for a change enacted in 2016 to the notice date definition in the appeals section of the SFIA. The original effective date was for orders and notices dated after September 30, 2015. This section amends that effective date to December 31, 2017, and is effective retroactively for orders and notices dated after September 30, 2015.
- 16 Sustainable Forest Incentive Act; transition provision.** Allows an owner of lands enrolled in the program on December 31, 2017, to change the length of their covenant without penalty until May 15, 2019. States that owners of lands enrolled in the program on May 15, 2016, must comply with the changes made in the act by certifications due in 2018.
- 17 Administrative appropriation.** Appropriates \$600,000 in fiscal years 2018 and 2019 to the commissioner of natural resources for administering the program.
- 18 Repeals § 290C.02, subd. 2 and 9.** Repeals obsolete definitions (“current use value” and “capitalization rate”) effective the day following final enactment.