

# The Sustainable Forest Incentive Act

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Property Tax Fact Sheet 9

Fact Sheet

The Sustainable Forest Incentive Act provides incentive payments to encourage sustainable use of forest lands. Property owners with qualifying lands are eligible to enroll in this program.

## Sustainable Forest Incentive Act (SFIA)

Property owners can receive \$7 for each acre of qualifying forest land they enroll in SFIA.

In return, they agree not to develop the land and to follow a forest management plan while they are in the program. All enrolled land must remain in SFIA for at least eight years.

### What properties qualify for SFIA?

Qualifying properties must:

- Be current on property taxes
- Have 20 or more contiguous acres
- Be at least 50 percent forest land as defined in Minnesota Statutes 88.01, subd. 7
- Have a forest management plan in place
- Have an agreement (“covenant”) in place limiting the property’s use to forest management activities

Further, qualifying properties **cannot**:

- Be classified as 2c Managed Forest Land by the assessor or enrolled in:
  - Reinvest in Minnesota (RIM),
  - Conservation Reserve Enhancement Program (CREP)
  - Conservation Reserve Program (CRP)
  - Green Acres
  - Agricultural Preserves
  - Rural Preserves
- Be used for residential or agricultural purposes

- Be improved with a structure, pavement, sewer, campsite, or road used for purposes that are not in the forest management plan
- Be covered under a Lessard-Sams Outdoor Heritage Council easement or similar easement granted after May 30, 2013

### What is a forest management plan?

A “forest management plan” outlines activities to meet the Minnesota Forest Resources Council’s recommended guidelines for timber harvesting and forest management.

To receive SFIA payments, your property must be covered by a qualified forest management plan. The plan must have been written or updated within the last 10 years and prepared by a plan writer who is approved by the Minnesota Department of Natural Resources.

You must follow the plan requirements while enrolled in SFIA to continue receiving payments.

### How does the covenant work?

To enroll in SFIA, you must record a covenant on the property with your County Recorder’s Office. Covenant forms are available at the recorder’s office and the Department of Revenue website, [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

The covenant prohibits any use of the property that conflicts with the SFIA program, such as:

- Developing the property
- Using the property for residential or agricultural purposes

- Not following the forest management plan

The covenant runs with the land for at least eight years, and it is binding on you and your successor.

If you remove land from SFIA, there is a 4-year waiting period before the covenant ends. During this time, the covenant is still binding and you can continue to receive payments.

Your land must be enrolled at least four years before you can start the removal process.

For example, if you enroll in SFIA in 2015:

- Your incentive payments begin in 2016
- You can apply to be removed in 2019
- Your covenant ends on January 1, 2024

### **How do I enroll in SFIA?**

Submit a completed SFIA Enrollment Application (Form CR-TH1). This form is available at our website, [www.revenue.state.mn.us](http://www.revenue.state.mn.us), and at many state and county forestry offices.

When submitting your application, you must attach copies of:

- Your recorded covenant
- Your property tax statement for each tax parcel you wish to enroll
- The forest management plan map or other map that clearly shows which acres are being enrolled and any that are excluded

The department will notify you in writing if your application is approved or denied.

**Note:** You must apply by September 30 to receive an incentive payment in the following year.

### **How do I get the payment?**

The department sends you a Certification Letter by July 1 of each year you are enrolled in SFIA. To receive a payment, you must:

- Initial and sign the letter to certify you are following the requirements and still eligible for SFIA.
- Report changes to the parcel information of your enrolled land.

- Return the completed letter by August 15 to get a payment by October 1 of that year.

### **How much will the payment be?**

The payment is \$7 for each acre enrolled in the program. **Note:** The payment you receive is taxable income.

### **How do I remove my property from the program?**

After four years of enrollment, you can ask to withdraw your land from SFIA by sending a written request to the Department of Revenue.

There is a 4-year waiting period to remove land from the program after the department receives your request.

If state law is changed to reduce the SFIA payment amount, you may withdraw from the program without a 4-year waiting period.

### **What if I have questions?**

For questions about the SFIA program, contact us at 651-556-6088.

For questions about forest management plans, contact the Department of Natural Resources or your county forestry office.

For more information, refer to Fact Sheet 9b, *SFIA Frequently Asked Questions*.