Woodland Legacy Planning
Conservation Tools

Preserving & Passing Family Forestland
to

The “In” Crowd

• Majority of FFOs want to keep their woodlands:
  • Intact
  • In forest
  • In family ownership
• Concerned with taxes
• No intention of selling
The Tools:

- Forest Stewardship Management Plan (FSMP)
- Land Use Assessment
- Ag & Forestal Districts
- Conservation Easements
- Century Forest

Forest Stewardship Management Plan

- Vision & Goals
- Assessment
- Map
- Recommendations
Land Use Assessment

- Based on current use of land – not fair market value
- Four categories:
  - Agricultural
  - Forestal
  - Horticultural
  - Open space

Land Use Assessment (cont.)

- Two “required” actions
  1. Local ordinance
  2. Landowner must apply & revalidate
- Rollback taxes & interest charged if:
  - Land changes to more intensive use
  - Landowner fails to re-validate.
  - Ownership change and new owner fails to register or re-validate.
Land Use Assessment (example; w/o LUA)

• Home on 100 acres of forestland

• Assessed values:
  Home: $250,000
  One acre around home: $5000/acre
  99 acres of forestland valued @ $1500/acre = $148,500  (FMV)

  TOTAL ASSESSMENT: $403,500

• Tax rate = $0.80 per $100 of assessed value

  TOTAL TAXES DUE = $3228

Land Use Assessment (example; w/ LUA)

• Home on 100 acres of forestland

• Assessed values:
  Home: $250,000
  One acre around home: $5000/acre
  99 acres of forestland valued @ $400/acre = $39,600  (Current Use)

  TOTAL ASSESSMENT: $294,600  ($108,900 reduction)

• Tax rate = $0.80 per $100 of assessed value

  TOTAL TAXES DUE = $2357  ($871 tax savings)
Ag & Forestal Districts

- Areas where landowners join together to encourage and protect rural land uses

- Benefits to landowner:
  - Property tax relief
  - Ease development pressure
  - Protection from nuisance ordinances
  - Influence on planning and zoning decisions
  - Enhanced eminent domain protection

Ag & Forestal Districts (cont.)

- 200 acre core
  - 1 mile proximity after formation
- 4 to 10 year term
- 180-day review period
- Withdrawal
  - “Good and reasonable” cause
  - Within 2 years of death of landowner
Conservation Easements

• Voluntary agreement
• Between landowner and qualified holder
• Exclusively for conservation purposes
• Limitations on divisions and development
• Perpetual

Conservation Easements – Income Tax Benefits

• Federal tax deduction
  • Full easement value
  • 50% of AGI
  • 15-year carry forward
  • Non-transferrable

• Land Preservation Tax Credits
  • 40% of easement value
  • $20,000 individual cap / $40,000 for spouses filing jointly
  • Must apply by December 31st of year following donation
  • 13-year carry forward
  • Can be transferred or sold
  • Transferrable upon death
Conservation Easements – Property Tax Relief

- Land subject to an easement in a locality that has “land use” valuation
  - Assessed as “Open-space”
  - If in Ag or forestal land use, no change

- Land subject to an easement in a locality that does NOT have land use
  - Interest of the easement holder shall not be taxed
  - Landowner won’t be taxed on the value of extinguished development rights

Conservation Easements – Estate Tax Benefits

- Reduces overall value of estate

- Additional exclusion
  - As much as 40% of the value up to $500,000

- Post-mortem election available
Century Forest Designation

- Number: 39
- Total acres: 14,213
- Range of acres: 40 – 2600
- Average acres: 364
- Total years: 6,159
- Range of years: 105 – 277
- Average years: 158

Relative Effectiveness of Conservation Tools

Nothing  | FSMP  | Century Forest  | Earth professionalism | Conservation Easement  | Woodland Legacy Plan

Land Use Assessment  | Ag-Forestal District

Daily  | 1 Year  | 4 – 10 Years  | Perpetual

LOWER  | Relative Effectiveness  | HIGHER
### Meeting Your Goals?

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<th>Intact</th>
<th>In Forest</th>
<th>In the Family</th>
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Segue... Any Questions?

*Alice’s Adventures in Wonderland* by Lewis Carroll (1865)
Woodland Legacy Planning
Best Practices & Key Documents

Preserving & Passing Family Forestland to

The Key Documents:

1. Forest Stewardship Management Plan
2. Forest property and estate overview
   • w/ financial statement
3. Who does what on the land
4. Heirloom scale
5. Values and goals
   • Individual
   • Shared
6. Mission or vision statements
   • Family
   • Family woodlands
7. Identification of potential heirs

Intact . . . In Forest . . . In the Family
1. Forest Stewardship Management Plan

“I worry whether they’ll see the need and have the love of the land. I’m trying to pass on my passion and hope that their love for me will be enough to keep it.”

2. Forest Property & Estate Overview

- Tax Map Parcels and acres
- Source deeds, plats
- How land is titled
- Basis in land and timber
- Dedicated accounts
- Equipment
3. Who Does What on the Property?

- What are the jobs and who does them?
- Who are the professionals, agencies, and advisors you work with?
  - What do they do?
  - What is their contact information?
- What are the recurring activities?
- Are there cost share agreements or a conservation easement on the property?

4. Heirloom Scale

1 = The woodland is one of the financial assets in my portfolio and nothing more.

10 = The woodland is priceless family heirloom to be protected at all costs.
5. Values & Goals – Individual & Shared

• What three words come to mind when you think about your forestland property?

• List your three fondest memories, experiences or interactions that took place on your forestland property.

• What are the three things that concern you most about your forestland property?

• What is the one thing you most wish or hope for about your property now or in the future?

6. Family & Forest Mission Statement(s)

“A family mission statement is a combined, unified expression from all family members of what your family is all about – what it is you really want to do and be…”

-Stephen Covey
6. Family & Forest Mission Statement(s)

“Having a mission statement can be a legal document down the road – here is what he intended.”

• To...(Do something)
  • In such a way that... (Quality of action)
  • So that... (We gain these results of benefits)

7. Identify Potential Heirs
“My wife, our children and I believe the preservation of our land is the most important legacy we can leave for the next generation and generations to come.”

Thank You! Questions?