

# Woodland Legacy Planning Conservation Tools

Preserving & Passing Family Forestland  
to



*Intact . . . In Forest . . . In the Family*



## The “In” Crowd

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





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## The Tools:

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

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## Forest Stewardship Management Plan

- Vision & Goals
- Assessment
- Map
- Recommendations



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## Land Use Assessment

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

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## 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.

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## 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**

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## 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**)

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## Ag & Forestal Districts

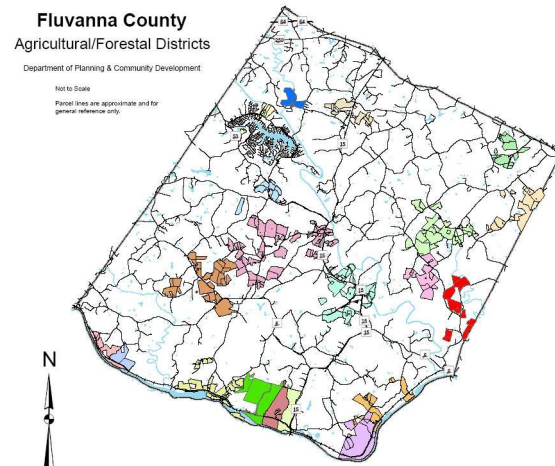
- Areas where landowners join together to encourage and protect rural land uses
- Benefits to landowner:
  - Property tax relief
  - Ease development pressure
  - Protection from nuisance ordinances
  - Influence on planning and zoning decisions
  - Enhanced eminent domain protection

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## 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

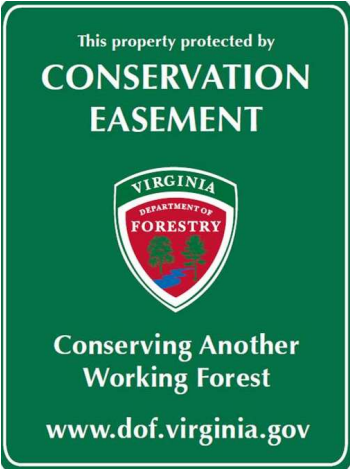


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## Conservation Easements

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



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## Conservation Easements – Income Tax Benefits

<ul style="list-style-type: none"> <li>• Federal tax deduction             <ul style="list-style-type: none"> <li>• Full easement value</li> <li>• 50% of AGI</li> <li>• 15-year carry forward</li> <li>• Non-transferrable</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Land Preservation Tax Credits             <ul style="list-style-type: none"> <li>• 40% of easement value</li> <li>• \$20,000 individual cap / \$40,000 for spouses filing jointly</li> <li>• Must apply by December 31<sup>st</sup> of year following donation</li> <li>• 13-year carry forward</li> <li>• Can be transferred or sold</li> <li>• Transferrable upon death</li> </ul> </li> </ul>
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## 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


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## 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

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## 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**



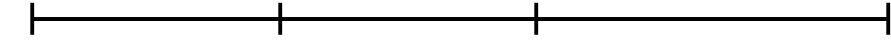
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## Relative Effectiveness of Conservation Tools

Nothing FSMP Century Forest	Land Use Assessment	Ag-Forestal District	Conservation Easement Woodland Legacy Plan
			
<i>Daily</i>	<i>1 Year</i>	<i>4 – 10 Years</i>	<i>Perpetual</i>

**LOWER** **HIGHER**  
*Relative Effectiveness*

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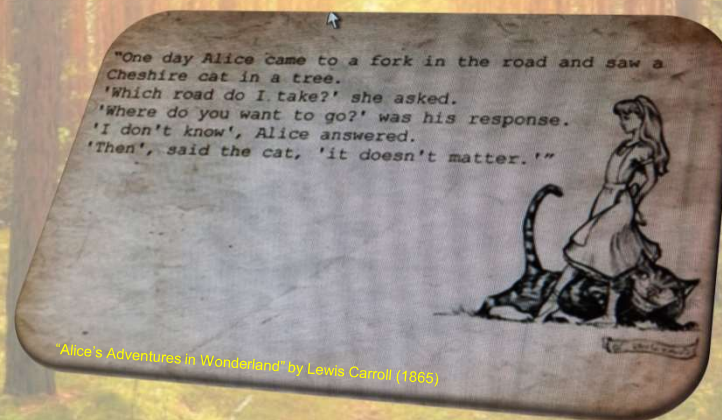
## Meeting Your Goals?

Conservation Tool	Intact	In Forest	In the Family
None			
FSMP		x	
Land Use	x	x	
Ag & Forestal District	x	x	
Conservation Easement	x	x	
Century Forest	x	x	x
<b>Woodland Legacy Planning</b>	x	x	x

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## Segue.... Any Questions?



"Alice's Adventures in Wonderland" by Lewis Carroll (1865)

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# Woodland Legacy Planning Best Practices & Key Documents

Preserving & Passing Family Forestland  
to



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## 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



# 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."*



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# 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

Worksheet 1: Forest Property and Estate Overview

Real Estate	Description and location:	Description and location:
Parcel/tax lot # _____	Parcel/tax lot # _____	Parcel/tax lot # _____
Zoning/assessment _____	Zoning/assessment _____	Zoning/assessment _____
Date, how acquired: _____	Date, how acquired: _____	Date, how acquired: _____
How owned: _____	How owned: _____	How owned: _____
% ownership: _____%	% ownership: _____%	% ownership: _____%
Basis: \$ _____	Basis: \$ _____	Basis: \$ _____
Debt obligation: \$ _____	Debt obligation: \$ _____	Debt obligation: \$ _____
Description and location: _____	Description and location: _____	Description and location: _____
Parcel/tax lot # _____	Parcel/tax lot # _____	Parcel/tax lot # _____
Zoning/assessment _____	Zoning/assessment _____	Zoning/assessment _____
Date, how acquired: _____	Date, how acquired: _____	Date, how acquired: _____
How owned: _____	How owned: _____	How owned: _____
% ownership: _____%	% ownership: _____%	% ownership: _____%
Basis: \$ _____	Basis: \$ _____	Basis: \$ _____
Debt obligation: \$ _____	Debt obligation: \$ _____	Debt obligation: \$ _____
Buildings	Description, address: _____	Description, address: _____
Parcel/tax lot # _____	Parcel/tax lot # _____	Parcel/tax lot # _____
Zoning/assessment _____	Zoning/assessment _____	Zoning/assessment _____
Date, how acquired: _____	Date, how acquired: _____	Date, how acquired: _____
How owned: _____	How owned: _____	How owned: _____
% ownership interest: _____%	% ownership interest: _____%	% ownership interest: _____%
Basis: \$ _____	Basis: \$ _____	Basis: \$ _____
Debt obligation: \$ _____	Debt obligation: \$ _____	Debt obligation: \$ _____
Description, address: _____	Description, address: _____	Description, address: _____
Parcel/tax lot # _____	Parcel/tax lot # _____	Parcel/tax lot # _____
Zoning/assessment _____	Zoning/assessment _____	Zoning/assessment _____
Date, how acquired: _____	Date, how acquired: _____	Date, how acquired: _____
How owned: _____	How owned: _____	How owned: _____
% ownership interest: _____%	% ownership interest: _____%	% ownership interest: _____%
Basis: \$ _____	Basis: \$ _____	Basis: \$ _____
Debt obligation: \$ _____	Debt obligation: \$ _____	Debt obligation: \$ _____



### 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?

**Who Does What On Your Land?**  
Developing an overview of the management of your land

**Jobs on Your Land**

Job Title	Who	Job Description	Decisions Making? If yes, what types of decisions	When
Manager of the Land				
Book-keeper				
Land Insurance				

**The Professional You Work With (include all that apply)**

Type	Role	Name	Address	Phone	Email
Forester					
Wildlife					
Biologist					
Lawyer					
Accountant					

**Annual/Recurring Activities**

Month	Activity Description	Who Does It	When	What to do
	Pay Property Taxes			
	Pay Bills			
	Insurance			
	Equipment			
	Hunting Leases			
	Woodsman Tasks			



### 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

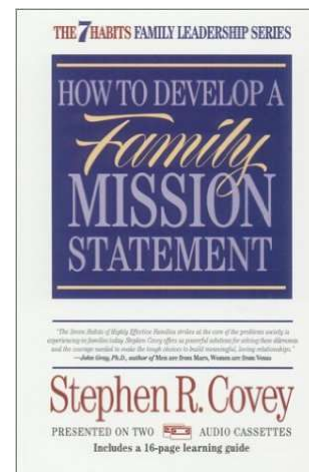
- What three words come to mind when you think about your forestland property?
- List your three fondest memories, experiences or interactions that took place on your forestland property.
- What are the three things that concern you most about your forestland property?
- What is the one thing you most 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





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## 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)

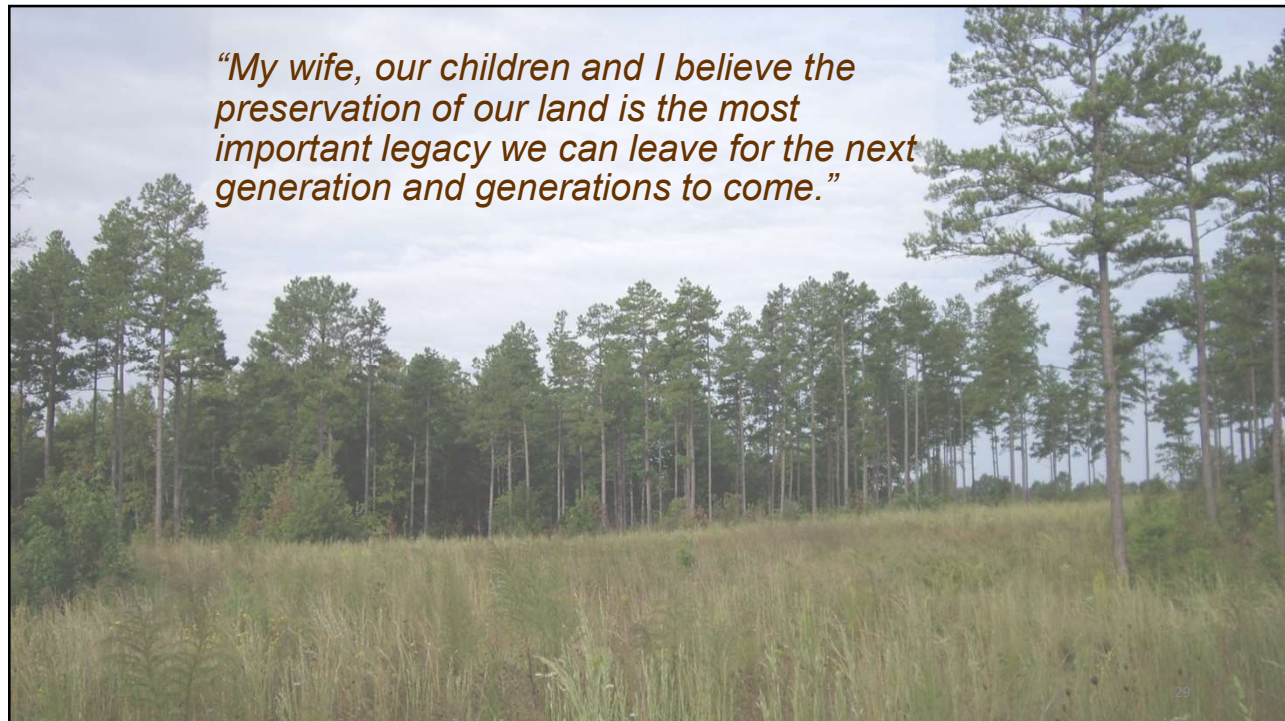


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## 7. Identify Potential Heirs





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Thank You! Questions?

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