



*Michigan Department of Agriculture & Rural Development*

# **Qualified Forest Program (QFP)**

Michigan Department of Agriculture and Rural Development (MDARD)  
Environmental Stewardship Division



## **Topics/Discussion:**

- What is the QFP?
- Benefits of participation
- Eligibility/enrollment guidelines
- Application process
- QFP and property taxes



## What is the QFP?

- Property tax exemption program, housed in the Michigan Department of Agriculture and Rural Development (MDARD)
- Encourages private forestland property owners to manage their forest/harvest timber in a sustainable fashion, based upon a forest management plan prepared by a “Qualified Forester”
- Approximately 736,000 acres enrolled to date



## Why was QFP Created?

- Michigan contains more than 10 million acres of non-industrial private forestland. (Wisconsin has a similar amount.)
- Michigan harvests timber at 1/3 the rate of growth. (Wisconsin harvests at the rate of growth.)
- As a result, Michigan's timber industry is less robust.
- The QFP supports sustainable forestry to promote the timber industry in Michigan.



# **Benefit from participation in the QFP**

- Certain property tax benefits (stay tuned)
- Periodic income from harvest activities
- Improved wildlife habitat through sustainable management of forestlands



# How to enroll, Qualification Requirements

- 20 acre minimum parcel size  
80% must be stocked with “productive forest”\*
- 40 acres and greater  
50% must be stocked with “productive forest”\*
- Each property tax parcel must qualify individually

**Structures are allowed, but are not eligible for exemption**

**No requirement to allow public hunting**

*\* forestland that can produce at least 20 cubic feet of wood per acre, per year*



# The Application Process

- Application submitted to MDARD (must apply by Sept. 1 to receive exemption for the next calendar year) and application packet is located on QFP Website
- MDARD has 90 days to review complete application
- Local Conservation District determines if land meets minimum stocking density requirements
- MDARD approves, provides affidavits to landowners
- Landowner signs/records docs in county where land is located, provides copies to twp. assessor and MDARD



## **The Application Six:**

1. Qualified Forest Program Application (MDARD QFP Form 1)
2. Forest Management Plan (FMP) for covered parcel(s)
3. QFP Stand Summary and Harvest Schedule (MDARD QFP Form 2)
4. Copy of the most recent deed and/or land contract with deedholder approval that reflects the current ownership
5. Copy of tax bill(s) for each parcel that you wish to enroll
6. An application fee of \$50 (non-refundable) per FMP made payable to State of Michigan

Please note: If FMP covers more than one township, include a \$50 fee per township





# QFP and Taxes

## The paperwork after approval:

- **School Tax Affidavit**

Enrolled parcels are exempt from local school operating taxes (typically 18 mills, but may be less depending on the school district)

Fee to participate, equivalent to 2 mills, paid to local unit, deposited into Private Forestland Enhancement Fund

- **Taxable Value Affidavit (Available only on a Sale/Transfer)**

When land already enrolled in the QFP changes hands, new owner(s) may keep the taxable value capped at the Taxable Value of the previous owner



# QFP and Taxes

## **Agricultural (AG) Use/Forest Combination (PA 107 of 2015)**

- **Allows for a combination of the two exemptions to meet the stocking requirement**
  - Assessor verifies acreage in AG use, conservation district verifies number of forested acres (Treasury Form 5020)
  - If total meets density requirement, parcel is eligible for enrollment



# QFP and Your Taxes

## Transitional Qualified Forest (TQF)

TQF provides an opportunity to transfer from the Commercial Forest Act (CF) program in MDNR, into the QFP under waiver of CF withdrawal penalty

Conditions do apply!

- Maximum of 160 acres per owner, per township
- Current owner must have owned property prior to September 1, 2016
- Contact either program for additional information
- Current sunset of TQF is September 1, 2021



## **Other QFP details...**

- Landowners are required to report all harvests/practices
- Landowners have 6 years to complete harvests/practices
- Land remains enrolled for perpetuity as long as an active management plan is on file and practices are conducted
- Sales of QFP parcels are allowed. Buyers/Sellers need to discuss enrollment continuation of new owner PRIOR to sale closing
- Recapture Tax of up to 7 years of benefits apply if property is withdrawn and is the only method to remove property from QFP



# Importance of Conservation Districts to QFP

- By law Foresters in Conservation Districts verify whether a parcel meets the stocking density to enroll in QFP
- Conservation District staff members promote QFP to landowners, often assisting landowners to apply.
- Conservation District staff make site visits when questions occur about possible issues on QFP enrolled lands.



# Questions?

Qualified Forest Program

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