



PRESS RELEASE

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PROTECT Supports Proposed New Empire Forests of the Future Initiative

New forest tax law program would drop enrollment to forestland owners of 25 acres or more, and allow land uses beyond forestry such as wildlife management, agriculture, water quality, reforestation, among other activities, and doubles state reimbursement program to local governments to \$3 million.

Across New York, over 1.5 million acres are enrolled in forest tax law programs, more than half state total in the Adirondack Park.

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A major new program in Governor Andrew's Cuomo's 2018-19 state budget is the Empire Forests of the Future Initiative, referred to as "EFFI." This new program seeks to overhaul and modernize two longstanding "Preferential Forest Tax Law Programs" known by the shorthands "480" and "480a" for their respective parts of the Real Property Tax Law. These programs provide tax exemptions for forestland owners who enroll their lands and manage them for long-term for forestry purposes.

Versions of the 480 law, known as the Fisher Act, have been around since the 1920s. The newer forestland tax subsidy law program 480a was started in 1974, when the Fisher Act program was frozen and closed to new enrollments. These laws provide enrolled landowners with a tax subsidy of up to 80%, depending on the program and their time of enrollment. Across New York, roughly 300,000 acres are enrolled in the old Fisher Act 480 program and around 1.2 million acres are enrolled in 480a. About half of the total enrolled lands are in the Adirondacks.

"EFFI marks a major step forward to reform New York's forest tax law programs that provide property tax abatements for lands that are kept in open space and used for forest management purposes. This bill lowers the necessary acreage to 25 acres and allows for qualifying lands to be used for other purposes beyond forestry such as open space protection, water quality, reforestation, among many other purposes," said Peter Bauer, executive director of Protect the Adirondacks. "This program also includes major new reforms to recognize sustainable forestry certification programs and requirements for

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notification of forest harvests ten acres or larger.”

While the state grants this tax exemption, it's local governments that absorb the fiscal hit. The state argues that the exemptions help to maintain the forest products economy, which it claims supports 100,000 jobs across New York, mostly upstate. For many years there was no state reimbursement for lost tax revenues due to 480/480a enrollments. Governor George Pataki started a modest program to aid some communities that experienced a 1% or greater overall tax shift as a result of these forest tax law programs. He allocated \$1.5 million for this and created a list of eligible towns and made the pay-outs through state Aid to Localities. This continues today and about 20 towns receive payments through this program, including a dozen in the Adirondacks.

The Department of Environmental Conservation (DEC) estimates that there is now over 19 million acres of forestland in the state, of which over 14.5 million is privately owned. What's interesting is that the DEC estimates that the amount of privately owned forestland in New York has grown by over 1 million acres in the past 20 years as farmland has been abandoned and reforested. Only about 10% of the state's private forestland is enrolled in the current 480/480a programs.

“An important aspect of EFFI is an increase to \$3 million of state support to partially reimburse local governments for lost tax revenues. A few dozen communities across New York with high levels of forestlands within their boundaries experience a 1% of greater tax shift as a result of this program. The \$3 million in annual funding will help to offset any negative fiscal impacts,” said Peter Bauer.

The other thing that DEC research has found is that the number of private forestland owners has grown markedly, now around 685,000 landowners, whereas 10 years ago there was around 500,000. This is a result of reforesting farmlands, but also due to forest fragmentation and growth of vacation homes and rural sprawl on small forest plots of 50-250 acres throughout Upstate NY.

EFFI contains many long-advocated program fixes and reforms that have been widely advocated. EFFI provides two types of enrollment programs for new landowners. The “480b Forest Certification Program” provides a 70% tax exemption to landowners with 25 acres or more of contiguous forestland. This program is focused on commercial forest management and relies upon a landowner obtaining an approved sustainable forestry certification program (SFI, FSC) as an entrance requirement. This will be difficult for many small landowners, but the state is also planning on offering financial assistance and working to build group certification cooperative programs across the state. This program requires a 10-year enrollment period to start, which is extended each year.

The second enrollment program is the new “480b Forest Practice Program.” This provides a 40% tax exemption to landowners with 25 acres or more of contiguous open space lands. This program is open to landowners with agricultural lands where at least 50% is forested and landowners who wish to manage their lands for environmental purposes beyond commercial forest management, such as water quality protection, reforestation, a sugar maple stand, wildlife habitat, invasive species control, riparian buffers, wetlands protection, among other possibilities. To qualify, landowners would have to demonstrate that they completed a verifiable environmental stewardship activity on 10 acres of their lands within two years of enrollment.

Neither program requires a stumpage tax. Both programs require a 10-year enrollment commitment. Details for both programs would be enumerated in DEC rules and regulations once the legislation passed.

EFFI also makes a series of important reforms that will notably improve the program. At the outset it doubles the state's reimbursement funds to \$3 million for communities that experience a greater than 1% tax shift. Enrollments will be closed for 480a, but this program will continue for enrolled landowners. Landowners enrolled in 480a will be allowed to convert to 480b.

“EFFI also includes another big advance in commercial forestry regulation in New York by requiring state notification of a timber harvest of 10 acres or more. This requirement would become law for all landowners, not just landowners enrolled in one of the Preferential Forest Tax Law programs. Most other states have some form of timber harvest notification and New York is one of the few that does not. This is an important reform,” said Peter Bauer.

Protect the Adirondacks

Protect the Adirondacks, Inc. (PROTECT) is a privately funded, IRS-approved not-for-profit organization dedicated to the protection of the 6-million-acre Adirondack Park in northern New York. PROTECT was formed through the merger of the Association for the Protection of the Adirondacks and the Residents' Committee to Protect the Adirondacks in 2009. PROTECT pursues its mission to protect the Adirondack Park and defend the public “forever wild” Forest Preserve through citizen advocacy, grassroots organizing, education, research, and legal action. PROTECT is governed by a volunteer Board of Directors. PROTECT maintains an office in Lake George. For more information see www.protectadks.org.

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