

Qualified Forest Program (QFP) – A Michigan Tax Incentive

What it Does:

2 Main Benefits via Tax Affidavits

Reduced property taxes (Generally 16 mils of School Operating taxes) In some cases, this reduction can cut Summer tax bills in half.

Capped Taxable Value- land enrolled in QFP at the time of sale will remain capped for the new owner.

Other Benefits- Allows for Permanent Structures

What it Does Not Do:

Require public access- unlike the Commercial Forest Tax Act, Qualified Forest does not require public access.

Provide any tax breaks if the property is already receiving homestead or agricultural tax exemptions.

Reduce taxes on buildings. Though parcels with structures are allowed in QFP, the structures are not included within the exemption.

Provide certification or participation in any other forest initiative.

What Are the Requirements?

To enroll:

A minimum of 20 acres

A Forest Management Plan for the parcel, as written by a professional forester

Each parcel needs to meet the stocking requirement based on acreage. Smaller parcels, 20 to 40 acres need to be 80% stocked (i.e. Would an aerial photo show 80% of the area covered by trees? Are those trees capable of producing enough wood in a year to fill a refrigerator for every acre?) Parcels over 40 acres are required to have 50% stocking.

An application, an application fee, and to file the affidavit, once accepted

While enrolled:

Complete and report Forest Practices within the specified time frame (i.e. logging as highlighted in the plan)

Pay annual fee (2 mils collected with Summer Taxes)

Submit any changes to the plan for approval and provide an updated plan when the original expires

Who are prime candidates?

New owners of 20-plus acres not receiving homestead or ag exemptions

Owners of recreational properties looking to reduce taxes

Sellers looking to enhance property for prospective buyers

Those selling to known parties to keep taxable values capped

Who might not benefit:

Primary residences, or parcels already receiving some exemption

Owners opposed to or would not consider conducting forest practices, such as logging

Long-time owners who pay very little in property tax. However, enrolling in QFP would cap the taxable value for future owners.