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Forest Tax Law Analysis Released by Tug Hill Commission

Watertown, NY - The Tug Hill Commission recently released an issue paper titled [*The Forest Tax Exemption and Impact on Municipal Budgets*](#). Using real property data from Lewis, Oswego and Jefferson counties, the paper documents 480-a enrollment changes and details the impacts of a large landowner enrollment on a small rural town's budget.

Francis Yerdon, supervisor of the town of Osceola in Lewis County stated, "this paper puts the problem right out where everyone should be able to understand just how serious the towns' problems really are." The town has experienced an 8.5 percent shift in property taxes onto other property owners in the town this year because of a large enrollment in the forest tax exemption program.

Ian Klingbail, a landowner with lands formerly in the 480-a program shared that "this is a complicated program and it needs to be simplified. There's a balance that needs to be met between the needs of the towns to levy taxes, the forest owners' incentives and the remaining landowners that pick up the difference."

Local assessor and past president of the NYS Assessors' Association, and past chairman and fellow of the Institute of Assessing Officers, Roger Tibbetts observed that "480-a is an exemption needing revision to bring it up to date with the actual markets for real estate and timber values to make communities with these exemptions whole and not burden the property owners. This paper reveals the problems with the current law and is an important tool for officials and legislators to reflect upon hopefully bringing needed changes in the future."

Section 480-a of the Real Property Tax Law allows for a substantial reduction in property taxes on privately owned properties having 50 acres or more of contiguous forest. Landowners can apply for the exemption and realize up to an 80% reduction in their land assessment on the forested portions of the property, so

long as an approved forest management plan and guidelines are followed. Keeping forested lands “working” through sustainable practices has positive economic benefits, as well as community, environmental and recreational benefits. Recent activity on Tug Hill, however, has shed a renewed light on an unintended consequence of the tax incentive. In New York, the cost of the property tax exemption is borne entirely by owners of taxable property in each of the taxing jurisdictions where the 480-a lands are located. This paper focuses on the town level impacts, as that taxing jurisdiction has fewer properties to spread the impact among, as compared to the school district and county. The cost of the program, especially when a large landowner in a rural community enters the program, is unsustainable particularly to towns and non-enrolled owners in them.

The Tug Hill Commission gratefully acknowledges the contributions of the Lewis, Jefferson, and Oswego County Real Property Tax Service Agencies for their data contributions.

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The New York State Tug Hill Commission is a non-regulatory state agency charged with helping local governments, organizations, and citizens shape the future of the region, especially its environment and economy. The commission uses a grassroots approach to build local capacity and provide technical assistance in land use planning, community development, and natural resource management.