

 UI Extension Forestry Information Series

Which Forestland Property Tax?

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Forestland property tax in Idaho is compiled from two values:

- 1) The value of the land without anything on it (called bare land value). Generally this is based upon the expected or proven ability of the land to produce a crop.
- 2) The value of the product grown on that land with respect to the time it takes to grow.

Because of the longer growth time of trees when compared with agricultural crops, a forest landowner with a total of 5 to 2000 acres has a choice from two property tax options.

The productivity option is an annual tax value based upon the ability of land to produce an income from trees. The land is graded into one of three growth capability categories called: good, average, and poor. The better category has a higher tax because of the higher potential income. The actual tax roughly depends on the geographic area of Idaho, the county, and a five year rolling average of state timber sale values. The other tax you may choose is called the bare land and yield option. In this case your land is annually taxed only on the bare land value (the actual tax again depending on the same criteria as the productivity option). Because the trees growing on the land are not taken into account, your yearly property tax will be lower. However, when you harvest your trees, a 3% tax will be charged on the quantity and species of tree delivered to the purchaser in addition to your annual property tax.

Which option should you choose? First, consider that all of your land must be categorized under a single option. Second, the option you choose is in effect for 10 years before it can be changed without penalty.

The basic decision depends on timber volume and harvest plans. If you don't plan a harvest in the near future, the bare land and yield option will result in lower taxes until you harvest. If you sell stumpage annually, or have mature timber that is scheduled for harvest within ten years, the productivity option may be less expensive because you won't have to pay the 3% yield tax. This is a simple guideline to follow. Careful planning and "net present worth" calculations of predicted incomes from your land is the best way to decide.

For more information contact your county assessor or Idaho State Tax Commission.

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