

## Minnesota Department of Revenue

### Revenue Notice # 18-02: Property Tax – Sustainable Forest Incentive Act – Revocation and Replacement of Revenue Notice # 03-02

#### Introduction

This Revenue Notice revokes and replaces Revenue Notice # 03-02, as published April 28, 2003.

This Revenue Notice provides guidance on what constitutes non-compliance with the timber harvesting and forest management guidelines adopted by the Minnesota Forest Resources Council (the guidelines), which are required to be followed in timber harvesting or forest management activities conducted on land enrolled in the Sustainable Forest Incentive Act program (SFIA). Non-compliance with the guidelines can result in a violation of the conditions of enrollment as specified in *Minnesota Statutes*, section 290C.03.

The commissioner of revenue (commissioner) usually becomes aware of non-compliance with the guidelines by receiving notice from the commissioner of natural resources. When the commissioner of revenue determines or becomes aware of non-compliance that constitutes a violation of the conditions of enrollment, the commissioner must notify the current owner of the land of the intent to remove the tax parcel where the violation occurred from the SFIA. Upon notification, the current owner has 60 days to administratively appeal the determination. If the commissioner denies the appeal, the claimant may appeal to the Minnesota Tax Court.

#### Department Position

The commissioner consults with the county assessor and the Minnesota Department of Natural Resources when determining whether non-compliance with the guidelines has occurred on land enrolled in the SFIA. The following mitigating factors may be considered in making a determination:

- The cause of non-compliance.
- The extent and severity of non-compliance.
- Whether the claimant has substantially complied with the forest management plan required to be implemented on the land while the land is enrolled in the SFIA under *Minnesota Statutes*, section 290C.03.
- Whether the claimant has substantially complied with the guidelines in timber harvesting and forest management activities.
- Whether deviations from the guidelines are of an accidental or inadvertent character.
- Whether the claimant took measures to avoid non-compliance.
- Whether the claimant has attempted to correct any damage after non-compliance occurred.
- Whether the claimant has taken measures to avoid future non-compliance.
- Whether there is a pattern of non-compliance by the claimant on any other land enrolled in the SFIA.

Mitigating factors are not required to be taken into account where development activities have

occurred in violation of the covenant required under *Minnesota Statutes*, section 290C.04.

Even if a landowner's activities do not constitute a violation due to non-compliance with the guidelines, the land can be removed from the SFIA for violations of other conditions of enrollment. One example is if there are delinquent property taxes on the property.

This Revenue Notice revokes and replaces Revenue Notice # 03-02.

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Lee Ho, Deputy Commissioner