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TREE FARM BULLETIN

OPTIONS FOR AGRICULTURAL TAX STATUS FOR TREE FARMERS IN NEW MEXICO

For the Tree Farm community to get anywhere with the 33 different county assessors in our State, we must spread the same message every time. First, a quick review of the statutes:

According to the regulations in New Mexico Statute 7-36-20, the term "agricultural use" relates to the use of land for the production of resources such as crops, livestock, or in the case of forestry, trees and forest products that are produced for sale or home use in whole or part.

[7-36-20. Special method of valuation; land used primarily for agricultural purposes (2013)]

A. The value of land used primarily for agricultural purposes shall be determined on the basis of the land's capacity to produce agricultural products. Evidence of bona fide primary agricultural use of land for the tax year preceding the year for which determination is made of eligibility for the land to be valued under this section creates a presumption that the land is used primarily for agricultural purposes during the tax year in which the determination is made. If the land was valued under this section in one or more of the three tax years preceding the year in which the determination is made and the use of the land has not changed since the most recent valuation under this section, a presumption is created that the land continues to be entitled to that valuation.

B. For the purpose of this section, "agricultural use" means the use of land for the production of plants, crops, trees, forest products, orchard crops, livestock, poultry, captive deer or elk, or fish. The term also includes the use of land that meets the requirements for payment or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government.]

This is a critical element to the ATFS certification process. Timber management objectives in some capacity (e.g., thinning, group selection, crop tree selection, etc.) must be defined in the required written plan in order to gain ATFS certification. Unlike the short rotational harvest of row crops, forest lands require multiple years of growth and an actual product may only be harvested once every 20 years or so. Regulations in the statute also state that the minimum acreage that can be under agricultural use is one acre. Acreage for ATFS certification qualification must be at least ten acres, so by default it coheres to this regulation.

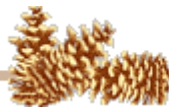
My suggestion is that we always stay with the same message. Four elements must be:

- All tree farms in New Mexico wishing to receive an "agricultural tax" status must be at least 10 acres (Same as the AFTS Standard).

- All tree farms in New Mexico wishing to receive an “agricultural tax” status must have an active management plan that meets the current ATFS Standards For Certification.
- All tree farms in New Mexico wishing to receive an “agricultural tax” status must have in the management plan a section that talks about the harvesting of forest products (sawlogs, poles, firewood, latillas, vigas, firewood) for personnel or commercial uses to maintain the health and vigor of their forested properties.
- All tree farms in New Mexico wishing to receive and hold an “agricultural tax” status must make sure that their tree farm is inspected at least once in every 5 year period, with a copy of the inspection sent to the county assessor’s office to certify that the property is meeting the intent of the ATFS as well as the county in which it resides.

I think that if we make this commitment, and make sure that every county assessor hears the same thing each and every time, we maybe will able to make a difference.

Doug Boykin, NM Tree Farm Program Advisor



TAXING THE FOREST

If Taos County has decided to “rearrange” how they tax forest lands (The Taos News, 2/20/14), I imagine this is going on statewide. After all, the regulations come out of Santa Fe and the NM Tax and Revenue Department. This is bad news for owners of forested property.

It appears that much of the forest land around our neighborhood has been historically taxed as “dry land” with an agricultural exemption which accomplishes a lower tax similar to that given to irrigated land. Now the exemption is being lifted if the owner can not “prove” agricultural use, so land will be taxed at the straight dry land rate. The word, or rumor, is that a large increase in property taxes will be the result.

The problem we forested land owners have, is there is not a tax structure directed to forest land. Why is that? Good question. We have an easy comparison in New Mexico. There is somewhere around 4 million acres of private forest land in our state. We have no lobby, no tax rate and no chance. There is approximately 250,000 acres of surface irrigated land in our state. The legislature falls all over itself to provide handouts keeping the acequia system alive. And it passes special protection laws on a regular basis. Irrigated land has it’s own tax rate and gets an agricultural exemption to boot. In our area, irrigated land grows hay, if anything, and more and more of it is in the non use category. Does this make sense?

Ponderosa forest and Piñon/Juniper woodland has been grazing land since the Hispanics arrived nearly 400 years ago. Grazing is still operational on some of it. The objective for our restoration/thinning effort is to restore the grass. But the Tax and Revenue folks added the word “solely” into their regs for grazing land. As in the land must be used solely for grazing. (Section 7-36-20 NMSA 1978 para F)

Who ever heard of any land having only one use? And while the regs speak to trees and forest products as a part of agriculture use the assessor insisted that firewood is not an agricultural product but lumber is. I couldn’t find that in the reg. And most of us who are thinning produce firewood in huge amounts.

Since much of the reg talks about “proving” agricultural use with the aid of tax returns reporting agricultural income, most land owners in our area are at a particular disadvantage in that income is sporadic and irregular if at all. Obviously big land owners are the target. There is nothing in the reg to

assist small forest land owners-as if they don't exist. Nor does the reg speak to how much use constitutes enough.

I am not optimistic. A full scale frontal assault on politicians by tree owners is the solution-not likely. At the very least, regular press releases to all the newspapers in the state would wake up the forest owners-not likely. The NM Tree Farm organization with less than 200 members is completely out of it's league. Ten thousand? Maybe. Long overdue to ramp up the membership. Watch the mail for increased property tax on forest lands among others. We get what we pay for.

by A. Hart Allex, NM Tree Farm 171



APPROACH TO DEFINE “MANAGED” FOREST LANDS AS AGRICULTURAL

As many of us may be aware, County Tax Assessors across the state are under pressure to re-assess agricultural land to determine if it is actually “productive”. It is clear from my interactions with both the Taos County Property Tax Assessors and the State Property Tax Division that even though the State Statute defining “timber and forest products” as being within the definition of “agricultural use”, County Assessors often lack the expertise to evaluate and determine whether woodland owners are actively engaged in a “forest as agriculture” practice. As one of our Taos County Assessors put it “trees just grow... you aren't doing anything to produce a crop”. Oh really??!!

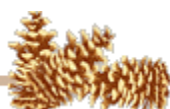
Currently, Certified Tree Farmers, and woodland owners in general, must engage in a “protest hearing” with their respective County Assessors, who may be totally unfamiliar with forest management practices, when their agricultural exemptions are in question, resulting in usually poor outcomes.

I feel a better strategy would be a two prong approach to the problem with an educational outreach to County Assessors at the state level to help them develop guidelines aligning with “Tree Farm” best practices management and secondly to develop a “guideline package” for individual Tree Farmers to share with their local County Assessors providing the assessor with an easy to understand, uniform, qualified tool as a means to define our tree farms as “agricultural use” under State Statute.

To this end I attended our last New Mexico Tree Farm Committee Meeting on March 12th and made a brief presentation of these thoughts to a great group of professional Foresters, Tree Farmers and other interested activists and after a lively brain storming session Doug Boykin volunteered to help develop a “guideline Package” for tax assessors and a strategy was discussed to reach out to the County Tax Assessors at their annual statewide meeting as an educational opportunity to inform and help them evaluate forest land in a more rational and uniform manner. Hopefully, at the next Committee meeting, these strategies will be further refined and an action plan defined as to a presentation to the Tax Assessors statewide annual meeting.

As an addendum, because of outdated Rangeland law requiring landowners to fence out “free range” cattle, all forestland owners with unfenced land are by default ranchers... just one of the many “agricultural” services Tree Farmers provide!

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FROM THE CHAIRMAN:

I would like to thank Doug Boykin, Hart Alex and Carl Struck for their input for this month's bulletin. The property tax issue is very important to our tree farmers. If you have any thoughts or ideas please let us know.

I was totally delighted that three tree farmers, in addition to me, attended our meeting on Wednesday, 12 March. I am looking forward to more attending the August meeting. One of the topics of discussion was the agricultural tax exemption. If you have a topic of interest that would bring you to the meeting, please let me know.



Doug Boykin, 2014 Western Region Inspecting Forester of the Year

Doug Boykin, Arnie Friedt, and Joe Stehling attended the annual National Leadership Conference in Savannah, last month. At the meeting, Doug was presented with the Regional Inspector of the Year for the Western Region; congratulations, Doug. Arnie briefed the 200 some leaders from 43 of the 44 states in the American Tree Farm System on the visiting forester program at Philmont Scout Ranch. Joe briefed the group on the reasons New Mexico was planning on opting out of the Certification track for the AFTS; the principal reason being the lack of markets in New Mexico. He was supported by several states with similar issues. We will be formally announcing our decision to the American Forest Foundation staff in the next months.



Arnie Friedt, Doug Boykin & Joe Stehling

At this first of trice a year tree farm committee meetings we approved advising the American Forest Foundation and the American Tree Farm System of our decision to opt out of the Certification track for tree farms in New Mexico and maintain our participation in the Recognition track. Please read the minutes when they are submitted for other interesting items discussed.

We are planning on having our first field day of 2014 in the Capitan District this spring. We are hoping the wildfire season will cooperate even though we are pessimistic given the dearth of moisture this winter, although El Nino is anticipated. At my house located on the Ocate mesa at 10,000 feet elevation and 15 miles south of Angel Fire, I am about 100 inches short of where we should be at this time. My tractor mounted snow blower is feeling unloved. Next month's bulletin we will provide more information on the field day.

We are still in need of a committee secretary. I really would like for someone to step up to the task. Believe me, with Doug as our advisor, it is not an onerous task.

We would like to start a "Question and Answer" section in our monthly bulletin. If you have any questions about our program, please let me know.

Put 16 - 19 July on your calendar for the National Tree Farm Convention in Pittsburg. It is a fun event with about 200 attendees from about 40 states. If you would be interested in attending please let me know.

