



August 13, 2024

Revenue Interim Committee  
68th Montana Legislature  
PO Box 201706  
Helena, MT 59620

RE: Land Classification Study Working Group Recommendations, PD 33 and PD 37

Chair Beard and Members of the Committee,

The forestland members of Montana Wood Products Association, comprising of roughly 800,000 acres, would like to draw attention to what we suspect is an unintended consequence of the proposals under consideration today regarding elimination of the “non qualifying Ag” classification as well as the changes to the qualification and reporting requirements for Class 3 Agriculture classification.

It is not uncommon within tracts of forestland to have natural openings, riparian, wetlands, natural meadows, shallow soils, rock outcropping etc. that are not of size, location or suitability where they are reasonably managed separately as agricultural acres. These lands are managed as forestland for the attributes they provide, including wildlife, water quality, and to some extent agriculture in conjunction with forest grazing programs.

These small areas, usually 20 acres or less, often only a few acres per parcel, are sometimes classified by the Department of Revenue as either non-qual agriculture or grazing depending on the parcel size. Under the current proposals of PD 33 and 37, these would be reclassified as Class 4 market land. Most of this land would be considered entirely unsuitable for residential use for a variety of reasons. Furthermore, creating these islands of high tax liability within our forestland tracts would be counterproductive to the entire premise of Class 10 tax classification, which is to keep forestland forest.

We are confident that working with the committee and department, we can find a solution that is not counter to the intent of the work done by the working group, but equitable in treatment of this somewhat unique situation. There is a path to find equitable valuation for these natural openings that are not agricultural in nature, nor should they be taxed at residential value.

Some suggestions to consider as a starting point:

- Create a new class code within Tax Class 10 Forest land that these natural open land acres fall into. Similar in concept to the “idle land” designation within Tax Class 3 Agriculture.

- Valuation remains based on productivity, not market value. Valuation equal to highest forest productivity class for the appraisal zone.
- Parcel must be “primarily forestland” (over 50%)
- Minimum forested acreage size for a parcel remains at 15 Acres of Class 10
- No income reporting requirement or application for classification requirement so long as minimums that currently apply to Class 10 are met.
- True grazing or agriculture can still be applied for by landowner per rules for those classifications if that is the appropriate classification for that property.

We, as forest landowners, are willing to work with the Committee, Working Group and Department on how to best structure the legislative language. We do feel that this statute change would need to be inextricably linked to the proposals outlined in PD 33 and PD 37 as moving any of this forward as stand-alone legislation would significantly muddy the water. It would be our preference to work now, ahead of the session, to get these details worked out and present legislation that we can stand with the Committee and department in support.

Our intent is not to get preferential treatment for lands that are not truly forestland but to avoid negative consequences of over taxation of lands that are truly within forestland management schemes. Class 10 Forest Land tax policy has always strived to fairly and equitably tax forestland that provides a wide range of forestland values ranging from economic to ecological. This should be the same intent of this legislation.

Thank you for considering our comments. Once again, we come in good faith to find solutions that further the hard work of the working group in dealing with difficult tax policy issues without unduly burdening forest landowners with unfair tax situations.

Best Regards,

Flathead Ridge Ranch

Green Diamond Resource Company

Marks Ranch Lands

SPP Land – Montana

Stimson Lumber Company

F.H. Stoltze Land & Lumber Company