

Changes to MFTIP for 2006.

New assessment approach for Managed Forests

Under the proposed new assessment approach, it is estimated that more than 80 per cent of the properties in the program will receive a lower assessment than they would have received under the existing assessment approach. The proposed new assessment approach will not affect the 75 per cent tax rate discount that lands classified as managed forest receive as part of the MFTIP.

Assessment Details: The proposed new assessment approach will assess woodlots in a manner similar to the method used for farm lands, which is based on land productivity rates. This is referred to as the farm-forest proxy. Valuation procedures and apportionment on eligible properties would be similar to methods used on 63,000 tenant farm properties (i.e. properties that are owned by non-farmers but rented to “bona fide farmers”).

The farm-forest proxy reflects sales data from wooded portions of farms within a geographic area. The value of farm properties is heavily influenced by its site productivity (i.e. soil quality, drainage, mineral composition and climate). Municipal Property Assessment Corporation (MPAC) uses six soil classes that depict the productivity of the land. Sales of farm properties are tracked based on the class of land productivity within a given area. The farm-forest proxy is based on the farmland approach. Under the proposed new assessment approach, eligible waterfront properties in the MFTIP would be assessed using the same assessment approach used for all other properties in the program.

An assessment “cap” is part of the proposed new assessment approach, ensuring that no managed forest property would be assessed at a greater value than the property would have been valued under the existing approach. There would also be a limit on how much a managed forest property’s assessment could drop in relation to the valuation that would have been assessed for the property under the existing assessment approach. A “floor” would be put in place that would prevent a property from receiving more than a 69 per cent reduction in assessment value.

Once the Spring 2005 Budget Bill is passed, MPAC will begin mailing 2006 Assessment Notices to MFTIP participants. We anticipate that MFTIP participants will receive their assessment notices near the end of MPAC’s mailing cycle (September to December). It is important to note that there was a freeze on assessment increases in 2004. The 2005 Property Assessment Notice will therefore reflect two years change in assessment for most properties.

Other changes to the MFTIP include:

- increasing the term of MFTIP plans from 5 to 10 years;
- modifying the definition of eligible open area to better recognize the variability of the forested landscape, and
- requiring that purchasers of MFTIP properties wishing to keep a property in the program to have their plan approved by a Managed Forest Plan Approver.

An updated MFTIP guide will be produced in the fall of 2005 that will include any updated program information. Copies of the updated guide will be forwarded to all program participants.