Idaho's Forest Tax Law

Forest landowners with at least five acres but less than 5,000 acres statewide have a choice between two tax systems: a **Productivity Tax** system or a **Bare Land and Yield Tax (BL&Y)** system. These two tax systems provide Idaho's 34,000 owners of small woodlands with property tax options which recognize their diverse ownership goals.

Forest landowners with tracts of 5,000 acres or more statewide are taxed under the Productivity Tax system.

Forest landowners with less than five acres are assessed at the property's market value.

The Two Tax Systems

The **Productivity Tax** system is a property tax based on the ability of the land to produce an annual income from wood products. Idaho is divided into four Forest Value Zones as shown on the accompanying map. Within these zones, forestland is graded as Poor, Medium, or Good based on its ability to produce wood fiber. The appropriate growth rates are shown in the table below:

Productivity Class	Avg. Board Ft. Per Acre	
	Zones 1 & 2	Zones 3 & 4
Poor	125	125
Medium	225	213
Good	350	320

The forest landowner will pay property taxes amounting to about 1% of the productivity values shown on the accompanying chart of forestland values for 2020. The yield tax does not apply to timber harvested from land in this option.

The **Bare Land and Yield Tax** system requires that the landowner pay a yearly tax based on the present value of his bare forestland plus a 3% yield tax on the stumpage value at the time of harvest. Within each of the four Forest Value Zones, land is again graded as either Poor, Medium, or Good.

2020 Forestland Value and Stumpage Value Zones in Idaho

Zone 1

Land Grade			
Good	**Med.**	**Poor**	
$172	**$120**	**$ 70**	**Bare Land & Yield**
$600	**$329**	**$148**	**Productivity**

Zone 2

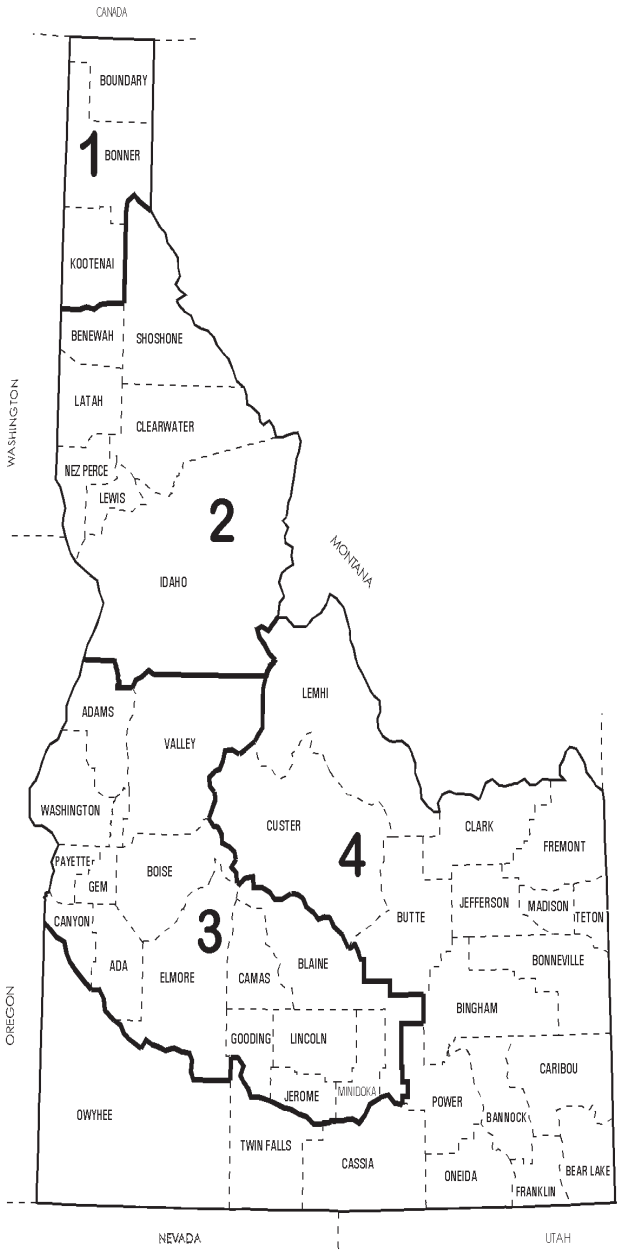
Land Grade			
Good	**Med.**	**Poor**	
$172	**$109**	**$ 56**	**Bare Land & Yield**
$549	**$298**	**$134**	**Productivity**

Zone 3

Land Grade			
Good	**Med.**	**Poor**	
$117	**$ 74**	**$ 39**	**Bare Land & Yield**
$228	**$120**	**$ 49**	**Productivity**

Zone 4

Land Grade			
Good	**Med.**	**Poor**	
$ 90	**$ 58**	**$ 29**	**Bare Land & Yield**
$227	**$125**	**$ 61**	**Productivity**



The Bare Land Values to be used in each zone are shown on the accompanying chart of forestland values and represent per acre figures. The forest landowner will pay about 1% of these figures each year in property taxes. When harvesting timber, a landowner will pay a 3% yield tax on the stumpage value of the timber harvested in addition to the annual property tax. The party receiving the logs or forest products is required to provide the Idaho Department of Lands with a report listing the quantity, species, and source of the logs or products cut. The yield tax payment will be due to the county treasurer at the same time as the property tax payment.

Deferred Taxes

Lands that are designated by the landowner under the BL&Y system are subject to a **recapture of deferred taxes,** if the use of the property changes. An example would be when the use of the land changes from forestland to a subdivision. A deferred tax is also due if the land is sold, and the new owner removes or changes the designation. If you are the new owner of forestland and maintain this designation, you accept the liability for deferred taxes incurred by the previous landowner. The deferred taxes may be assessed for up to a total of 10 years. Any yield tax paid during a deferred tax period will be allowed as a credit against the deferred tax.

Choosing a Tax Option

If you have more than five acres but less than 5,000 acres of forestland, you will want to choose the system that best fits your circumstances. An owner of a small woodland may prefer the **Bare Land and Yield Tax** system, because it provides a lower yearly property tax and defers some of the tax obligation until the time of harvest. The BL&Y system might also appeal to a forest landowner who has heavily cut over woodland and does not expect to harvest trees for a long time. Owners who receive income from their forestland annually may prefer the **Productivity Tax** system, with a higher land value, but no yield tax at the time of harvest.

Designation Deadline

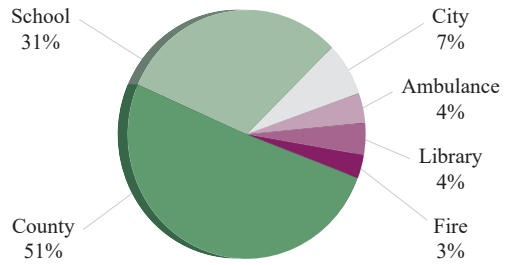
Forest landowners with ownership of from five to 5,000 acres have the right to choose between two forest tax systems. Designation forms are available at the county assessor's office. If no choice is made, the forestland will be assessed at its full market value. Once the forest landowner chooses one of the forest tax systems, the designation must remain in effect until the end of a designation period. The current designation period ends in December 2022. For more information, see chapter 17, title 63 of the Idaho Code. You can also contact the county assessor where your land is located or the Forest Tax Administrator, Idaho State Tax Commission, at (208) 334-7737.

When filling out the designation form, remember that:

(1) Proof of active management to enhance growth of timber for future harvest is required, and

(2) The designation form (FT-101) must be signed by all the owners of the property.

Boundary County Forest Tax Distribution 2019



The distribution may vary in other counties.

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This brochure was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Tax Commission or a qualified tax practitioner.

Costs associated with this publication are available from the Idaho Tax Commission in accordance with section 60-202 Idaho Code.

Idaho's Forestland Taxation Law

2020

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