



Sustainable Forest Incentive Program

Update to 2013 Evaluation Report

March 2016

Problems Identified

- **Program Payments Not Tied to Goals.** The Sustainable Forest Incentive Act (SFIA) established a program that provides per-acre payments to participating forest landowners to encourage sustainable forest management of private land. Owners who enroll larger tracts of forest land must allow public access. Owners' per-acre payments were not tied to program goals; all enrolled landowners received the same per-acre payment regardless of their property taxes, forest management costs, or obligation to provide public access.
- **Weak Oversight.** The Department of Revenue, which administers SFIA, verified initial tax-related program requirements but had limited expertise to judge the accuracy and quality of required forest management plans. Oversight of landowner compliance with program requirements relied mostly on landowners' annual self-reporting. Overseeing subsequent owners of land enrolled in the program presented additional challenges.
- **Limited Penalty Options.** Options for penalizing noncompliant owners of land enrolled in the program were limited and not always workable.

Action Taken

- **Stakeholder Group Convened.** In response to a legislative request, the departments of Revenue and Natural Resources (DNR) and the Minnesota Forest Resources Council convened a group of stakeholders to consider the report's findings and recommendations. The group issued a report in January 2015.
- **Increased Oversight.** The Department of Revenue has (1) put measures in place to ensure that participating land owners have a current forest management plan before issuing their payment and (2) committed to applying penalties consistently.

Action Needed

- **Tie SFIA Payments to Program Goals or Eliminate the Program.** Bills proposing changes to the program's per-acre payments would tie them to statewide average tax rates and market values, yielding a single rate regardless of a landowner's property taxes. The bills propose higher payments for longer program commitments as reflected in a covenant. This could slow the break-up of large tracts of land under single ownership, which can interfere with efficient sustainable forest management, but it does not prohibit it.
- **Pass Legislation to Address Identified Problems.** If the SFIA program is retained, the Legislature should address other problems identified in the evaluation. Bills introduced in 2015 have included provisions to address other issues, including: (1) forest management plan registration with DNR and a role for that agency in monitoring program compliance, (2) new language pertaining to changes in ownership of enrolled land, and (3) expanded penalty options.