



## ***ACT CONCERNING THE TRANSITION FROM THE TEN MILL PROGRAM***

*Public Act 11-198*

*Division of Forestry Fact Sheet*

*Updated May 2016*

The 10 Mill property tax Law, CGS Chapter 203, Section 12-96 through 103, has been in existence since 1913 and subsequently amended several times including July 2011. This latest revision significantly changed the 50-year revaluation assessment bringing about parity with similarly classified forest land under CGS Chapter 203, Section 12-107d, Connecticut's other current-use forest land property tax Law more commonly referred to as PA 490.

### **Background**

In 1913, the Legislature approved the "10 Mill Law" as an early effort to conserve forests in Connecticut. Since 1963, the Law requires a minimum of 25 acres and that the lands, exclusive of the timber there upon, have a value of not more than \$100 per acre. Although there is no longer any forested land in Connecticut having a value at or below \$100 per acre, the Law remains valid, but no new land may be classified under it.

The Legislature has modified the "10 Mill Law" several times in order to encourage the preservation of forest land to 1) conserve the state's natural resources for the welfare and happiness of its residents, and (2) prevent the forced conversion of forest land to more intensive uses as the result of economic pressures caused by assessment.

### **How is 10 Mill Forest Land Assessed?**

Forest land enrolled under this Law is classified for 100 years and taxed based upon 100 percent true valuation of the land and timber separately as established by the assessor at the time of classification. Valuation is then frozen for the first 50-year period, providing the land use does not change, at a tax rate of no more than 10 Mills. At the end of the first 50 years, the land and timber is revalued to the current true valuation and frozen again until the end of the 100 year term. Unlike Connecticut's other current use assessment program, PA 490, 10 Mill classifications do not terminate upon sale or transfer of the forest land. It is tied to the forest land rather than to the landowner.

### **Yield Tax & Cancellation**

The owner of the forest land must pay a yield tax to the town on any fuelwood or timber cut and sold, with the exception that firewood or timber cut for domestic use is exempt from the yield tax. There is also an accruing substantial recapture tax due if the classification is prematurely canceled before the full 100 years.

Any use of forest land classified under the 10 Mill Law is permissible as long as the use does not cause a change in the basic character of the land as forest. Any conversion of the forest land from its growth, management and use as a forest is a change of use. Examples include but are not limited to building a house, clearing for pasture, gravel operations, junk yards, ball fields, or ski slopes.

It should be noted that the classification of forest land under the 10 Mill Law is binding upon the entire tract of forest land and, when *any portion* of that tract must be removed from classification, the classification for the entire tract must be canceled.

### **Why Change the 50-year Revaluation Determination?**

While the 10 Mill Law has been very successful conserving forest lands, the designed revaluation at the end of the first 50 years for properties classified in the 1960's posed potential unintended consequences. Sudden assessment increases based upon today's current true value very well could have created an unaffordable situation for landowners resulting in forced conversion to more intensive uses to pay for dramatically higher property tax bills. This outcome would clearly contradict the 10 Mill Law's Legislative intent. To address this concern PA 11-198 was signed into law July 2011.

## What does Public Act 11-198 actually do?

Public Act 11-198 substantially discounts the value of the land from the current true valuation calculation for 10 Mill classified property by:

- 1) Creating tax parity with forest land classified as PA 490 and 10 Mill at the 50-year revaluation date. At that time, total taxes levied on 10 Mill forest land will not exceed the annual tax due for similarly classified PA 490 forest land.
- 2) Allowing 10 Mill landowners who place permanent conservation easements on their properties to transfer out of the 10 Mill program into PA 490 without penalty if they wish. A registered letter from the landowner to the assessor is required.

## What does Public Act 11-198 not do?

- 1) Does not change the yield tax calculation for the harvested forest products from 10 Mill forest land unless such products are used by the owner or tenant for fuel or construction materials. A graduated yield tax payable to the town where the timber was harvested is required if such material is sold or otherwise transferred to another person.
- 2) Does not change the reasons for cancellation should the land be converted to a non-forested use.
- 3) Does not change the calculation of recapture tax due should a 10 Mill classification be canceled prior to 100 years. This calculation includes the true value of BOTH land and timber.

## How is the true and current value of timber determined?

It is the assessor's responsibility to determine the true value of timber on 10 Mill forest land although the method to follow is not described in the 10 Mill Law. The Division of Forestry suggests using the current recommended PA 490 forest land values which are based upon the average price of timber sold in Southern New England. This per-acre value along with other PA 490 farm land acreage values is updated every five years to reflect current markets and capitalization rates. Current recommended

forest land values may be obtained by contacting either the Department of Agriculture or the Division of Forestry. Alternatively, assessors may choose to hire a private forester certified by DEEP per CGS 23-65h to conduct a forest inventory providing an accurate assessment of standing volume, species, and value.

## Making Changes to Forest Land Classified as 10 Mill

As with any land use change; legal ownership status, or change in assessment value of classified forest land, communication between landowner and assessor is essential. The Division of Forestry strongly recommends timely conversations before changes take place to avoid misunderstanding and miscommunication.

## On-line 10 Mill and PA 490 Forest Land Classification resources:

CGS Chapter 203, Section 12-96 through 107 (the actual Law); click on the Section number to advance to the statutory text section): [CHAPTER 203\\* PROPERTY TAX ASSESSMENT](#)

[Regulations Concerning the Classification of Forest Land](#) (explanation of the Law)

[Classification of Land as Forest Land](#) (includes several downloadable forms, assessor annual reporting requirements, Guidance for foresters and assessors "in plain English")

[Department of Agriculture Public Act 490 Recommended Land Values](#) (updated every 5 years)

## For more information contact:

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