

CHAPTERLAND SEMINAR

STURBRIDGE BOARD OF ASSESSORS
WEDNESDAY,
MAY 6, 2015

The Purpose of the Chapterland Programs

- Chapter 61 – The forestry program is designed to encourage the preservation of the Commonwealth's forest.
- Chapter 61A – The agricultural/horticultural program is designed to encourage the preservation of the Commonwealth's valuable farmland and promote active agricultural & horticultural use.
- Chapter 61B – The recreational program is designed to encourage the preservation of the Commonwealth's open space and promote recreational land uses.

BENEFITS

- To the Town –

The town retains and preserves the forest land, family farms and open space within our community

- Landowner –

The landowner receives significant local tax benefits for a long term commitment while maintaining these large open tracts of land

CHAPTER 61 - FORESTRY



QUALIFICATIONS

- ❖ Requires a minimum of 10 acres of land in active forest management
- ❖ Excludes the acreage for the residence, other structures, and any land used in connection with those buildings
- ❖ An approved 10 year forest management plan by the State Forester

TIMELINE

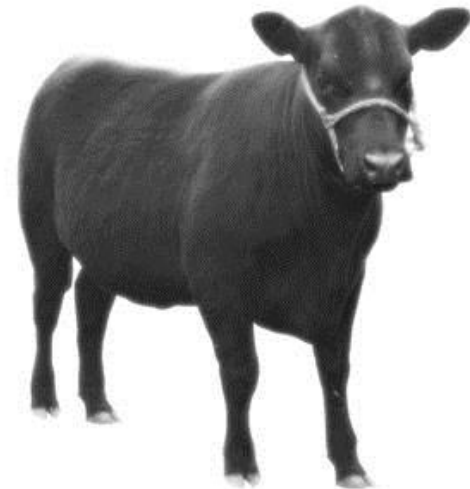
- ❖ June 30 – Landowner must have applied to the State Service Forester for approval of a 10-year forest management plan.
- ❖ September 30 – Landowner must submit a Chapter 61 application to the assessors office for classification starting the next fiscal year
- ❖ January 1 – Classification and management plan take effect
- ❖ July 1 – Chapter 61 taxation classification begins at the start of the fiscal year
- ❖ October 1 – First tax bill to reflect the Chapter 61 tax reduction

DOCUMENTATION

Once every 10 years you need to submit the following items no later than September 30th :

- ❖ Application
- ❖ Rights and Acknowledgement form
- ❖ Approved Forest Management Plan
- ❖ State Forester's Certificate

CHAPTER 61A – AGRICULTURE & HORTICULTURE



QUALIFICATIONS

- Requires a minimum of 5 acres that has been *actively* devoted to agricultural/horticultural use for at least 2 years before applying
- Excludes the acreage for the residence, other structures, and any land used in connection with those buildings
- Land under farm buildings , such as barns and sheds, is considered land in agricultural use
- An equal amount of contiguous, nonproductive land may also qualify in the program as “accessory land”
- Annual agricultural/horticultural sales of at least \$500 for the first 5 acres and \$5 for each additional productive acre(or \$0.50 for every additional forestland acre) and \$0.50 for each nonproductive acre of accessory land

TIMELINE

- At least 2 years before applying – Landowner actively engages in agriculture/horticulture on land
- October 1 – Deadline for landowner to submit Ch.61A application to the assessors office
- July 1 – Taxation under 61A begins at the start of the fiscal year
- October 1 – landowner receives first tax bill reflecting the Ch.61A reduction
- October 1 – Deadline for landowner to submit Ch.61A application to the assessors office to renew the enrollment

DOCUMENTATION

Every year you need to submit the following items no later than October 1st :

- Application
- Rights and Acknowledgement form
- Income documentation(Income tax filing showing business income or Schedule F or Receipts from sales)
- Sketch of your property that denotes the acres that are to be assessed in Chapterland and the acres to be assessed as residential

CHAPTER 61B – OPEN SPACE AND RECREATION



QUALIFICATIONS

- ☐ Requires a minimum of 5 acres of land
- ☐ Open Space -The land can be in a natural, wild, open or landscaped condition and does not have to be open to the general public

OR

- ☐ Recreational – The land can be devoted to recreational use as listed in the statute and must be open to the general public or to members of a nonprofit organization, though the landowner may charge a fee for this service
- ☐ Forest management in CH61B is optional but does require an approved 10 year forest management plan

TIMELINE

- ❑ October 1 –Deadline for land owner to submit Ch. 61B application to the assessors office
- ❑ July 1 – Taxation under 61B begins at the start of the fiscal year
- ❑ October 1 – landowner receives first bill reflecting the Ch. 61B reduction
- ❑ October 1 – Deadline for the landowner to submit Ch. 61B application to the assessors office to renew the enrollment

DOCUMENTATION

Every year you need to submit the following items no later than October 1st :

- ☐ Application
- ☐ Rights and Acknowledgement form
- ☐ Sketch of your property that denotes the acres that are to be assessed in Chapterland and the acres to be assessed as residential

VALUATION METHODOLOGY



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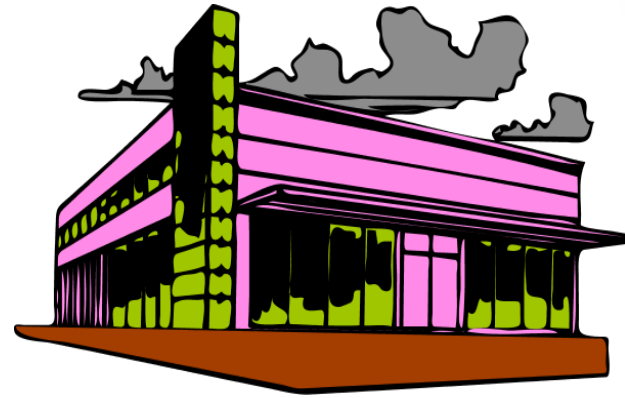
- All Property is assessed in its highest and best use
- Once approved and classified under 61, 61A or 61B, the special assessment would be applied
- The Farmland Valuation Advisory Commission issues the recommended Chapter 61 and 61A values each year for the specific categories, ie: Forestry, Hay, Pasture, Dairy, Beef, Christmas Trees, etc.
- Chapter 61B land special assessment is valued at 25% of the full fair market value

LIEN CERTIFICATE

- The Recording Fee for all Chapterland Liens & Lien Releases are the responsibility of the land owner.
- Recording Fees are \$75.00 and are payable to The Commonwealth of Massachusetts.



SELLING FOR OR CONVERTING TO ANOTHER USE



MUNICIPAL OPTION OF FIRST REFUSAL



Land taxed under any Chapterland program shall not be sold for or converted to residential, industrial or commercial use while taxed or within 1 year after that time unless the town has been notified of the intent to sell

FIRST REFUSAL OPTION

IS TRIGGERED WHEN:

- The landowner plans to sell or convert the property to a residential, commercial, or industrial use.
- The landowner maintains ownership of their land and changes the land use to residential, commercial, or industrial.
- The landowner withdraws from the program and changes the land use within 12 months or within one fiscal year of withdrawal

IS NOT TRIGGERED WHEN:

- The landowner chooses to switch to a different chapter program.
- The change of use is for the construction of a residence for an immediate family member
- The landowner withdraws from the program, but keeps the land in its current use for one year from the last time it was taxed as chapterland.
- The landowner sells the property to a new owner who signs a notarized affidavit to maintain the land in the chapter use.

WITHDRAWAL PENALTIES

- If you purchase the property and sell it or convert it within the first 10 years, then the landowner is responsible for either rollback taxes or conveyance taxes, whichever is greater.
- These penalties only apply to the portion of the land that is changed to a nonchapter use.
- No penalty tax is assessed when classified land is sold or converted to a residence for the owner; the owners spouse, parent, grandparent, child, grandchild, brother or sister, or the surviving spouse of those relatives; or for an employee working full-time in the use and care of the property for its classified use.

CONVEYANCE TAX

CH.61 & CH61A – If the land is sold or converted to a nonchapter use within 10 years of enrollment, this tax would be due if it is higher than what the rollback tax would be.

The tax would be a percentage of the total sale price of the property using the following formula:

10% - within the first year

9% - within the second year

and so on with the rate declining each year by 1% until it hits zero.

After the first 10 years of enrollment, the conveyance tax no longer applies

CONVEYANCE TAX CONTINUED

CH.61B – If the land is sold or converted to a nonchapter use within 10 years of enrollment, this tax is due if it is higher than what the rollback tax would be.

The tax would be a percentage of the total sale price of the property using the following formula:

10% - within 0-5 years

5% - within 6-10 years

After 10 years of enrollment the conveyance tax no longer applies.

EXEMPTIONS TO CONVEYANCE TAX

Some transfers are exempt from conveyance tax:

All chapters:

- ❖ Transfers between husband and wife when no consideration is paid for the property
- ❖ Transfers between parent and child when no consideration is paid for the property
- ❖ If the new owner states on a notarized affidavit their intention to keep the land in any of the chapter programs for at least 5 years. If it is not kept in the program for at least 5 years the new owner is responsible for the conveyance tax.

Note that conveyance tax does not apply to a seller who owned forestland classified under CH.61 in or before fiscal year 2008

ROLLBACK TAXES

The tax is assessed if the land use changes while enrolled in any of the Chapterland programs or within 5 years of withdrawal from the program.

Rollback taxes are the difference between what the property tax would have been at the full assessment and what was paid under the chapterland assessment plus 5% simple interest.

*Note that landowners who enrolled **CH61A** before July 1, 2006 do not pay interest on the rollback tax*

The rollback tax is calculated for each year that the landowner has been enrolled in the program, up to 5 years. After more than 5 years in the program the tax would be calculated for the 5 most recent years

EXCEPTIONS TO ROLLBACK TAX

There are no rollback taxes for withdrawing a property from chapterland if the landowner keeps the land in a use eligible for any one of the CH61 programs for 5 years after the withdrawal.

If the new owner states on a notarized affidavit their intention to keep the land in any of the chapter programs for at least 5 years. If it is not kept in the program for at least 5 years the new owner is responsible for the rollback tax(if higher than the conveyance tax)

**END OF
PROGRAM**