



Last Chance for Policymakers to Fund Forest Land Protection Act Reimbursements

By Sarah Beth Gehl, M.U.P.P, Deputy Director

Background

The General Assembly passed, and voters approved, the Forest Land Protection Act in 2008, providing property tax exemptions to landowners with more than 200 acres of timber who agreed to a 15-year covenant. Landowners entering the covenant would maintain the property as forest land for 15 years, and in return, receive a special conservation value for their land that would not increase by more than three percent annually for property tax purposes. Forest land owners and environmental advocates promoted the Act as a way of protecting forest land from development pressures.

Since property taxes are primarily a local revenue source, local governments and school districts are most affected by the loss of revenue. To minimize the effect, the Act established partial reimbursements to counties, cities, and school systems for the local property tax revenue they would lose from the property tax exemption. The state would reimburse local governments for 50 percent of lost revenue, if the exemptions totaled up to 3 percent of revenues, and would reimburse 100 percent for lost revenues more than 3 percent.

The Amended Fiscal Year 2010 budget should contain the first state reimbursements; yet, the governor, House, and Senate have not included the estimated \$10.5 million in the amended budget at this point in the budget process.¹ Without these funds, several rural school districts face another loss of revenue, beyond the cuts to formula funding experienced across districts. As the amended budget moves to the House and Senate conference committee, policymakers will have a final opportunity to include these reimbursements, as well as begin planning for these funds in the FY 2011 budget.

Land Covered and Reimbursements Owed

The program proved popular in its first year, with owners entering into covenants for thousands of acres of forest land. At the high end, covenants cover 91,000 acres of forest land in Clinch County and 55 percent of total acres in Baker County.²

Table 1 Top 10 Counties for Land Covered by Covenant

County	Acres Covered by Covenant	County	Percent of Total Acres in Covenant
Clinch	91,000	Baker	55%
Baker	88,000	Quitman	34%
Stewart	88,000	Stewart	30%
Early	77,000	Echols	25%
Echols	67,000	Early	23%
Screven	64,000	Jeff Davis	22%
Lowndes	60,000	Taliaferro	20%
Brooks	52,000	Warren	19%
Jeff Davis	48,000	Webster	19%
Charlton	45,000	Lowndes	18%

Sources: Department of Revenue and Carl Vinson Institute of Government.

Note: Figures are based on those counties submitting their digest by December 14, 2009. Figures are rounded.

State reimbursements range from a high of approximately \$777,000 to Brooks County to a negligible amount or \$0 for several counties. The reimbursements are determined not only by the formula (i.e. 50 percent reimbursement up to a 3 percent revenue loss and 100 percent thereafter), but also the millage rate of local taxing jurisdictions. For example, Morgan County has a 12.461 millage rate for its school district and an 8.178 rate for its county government. Based on those millage rates, the state should reimburse approximately \$336,000 to Morgan County schools and \$220,000 to the county government, for a total of \$556,000.³

Policy Considerations

Reimbursements of \$300,000 or \$400,000 do not seem like a significant amount of money when considering the \$17 billion state budget in which they should be funded. However, to rural school systems, these are not marginal amounts. Taliaferro County, for example, raised \$1 million locally for schools in 2009. The required state reimbursement for the forest land covenants to Taliaferro schools equals 18 percent of its 2009 local revenue stream for schools (Table 3). Furthermore, this reimbursement would not cover the full revenue loss, since the state reimburses half of the first 3 percent of revenue loss and the full amount thereafter.

Due to ongoing state funding cuts to schools, \$400,000 can mean the difference between a five-day school week and a four-day week, as experienced in Peach County this year. In response to state cuts to education formula funding, Peach County School System moved to a four-day school week to realize \$400,000 in savings on energy and transportation.⁴

Table 2 Top 10 Reimbursements Owed

County	State Reimbursement Owed
Brooks	\$777,000
Early	\$609,000
Morgan	\$556,000
Decatur	\$481,000
Taliaferro	\$411,000
Monroe	\$324,000
Baker	\$322,000
Jasper	\$320,000
Quitman	\$298,000
Calhoun	\$270,000

Source: Department of Revenue

Note: Includes funds owed to counties, cities, schools, and other jurisdictions.

Table 3 Reimbursement Compared to 2009 School System Local Revenue

County	Reimbursement as a % of Local School Revenue
Taliaferro	18%
Quitman	15%
Baker	11%
Calhoun	8%
Brooks	7%

Sources: Department of Revenue and Department of Education
 Note: The calculation uses local school revenue, as that is the revenue stream affected by the forest land covenants. It does not include federal or state funds.

As the House and Senate conference committee consider the Amended FY 2010 and FY 2011 budgets, policymakers should consider these policy questions:

- Can the state avoid paying the reimbursements, since the forest land act was approved by voters and is now part of the constitution?
- If the state does not fund the reimbursements, will rural school districts be able to make up the funds locally? Taliaferro County school district, at the extreme, stands to lose 18 percent of its 2009 local revenue and already levies 18 mills, nearing the 20 millage rate cap that schools can only exceed through voter referendum. Poverty levels in several of these rural counties are among the highest in the state.

© 2010 Georgia Budget & Policy Institute
 All Rights Reserved.

This document may be quoted with proper citation. A PDF is available for reference and dissemination at www.GBPI.org.

Contact: Sarah Beth Gehl, sbgehl@GBPI.org; 404.420.1324

The Georgia Budget & Policy Institute (GBPI) is the leading independent, nonprofit, nonpartisan organization engaged in research and education regarding the fiscal and economic health of the state of Georgia. GBPI provides reliable, accessible, and timely analyses to promote greater state government fiscal accountability as a way to improve services to Georgians in need and to promote an enhanced quality of life for all Georgians.

Endnotes

- ¹ Estimate from the Georgia Department of Revenue, February 2010.
- ² Data provided by the Georgia Department of Revenue, December 2009.
- ³ Data provided by the Georgia Department of Revenue, February 2010.
- ⁴ Jerry Grillo, "How Low Can They Go?" *Georgia Trend Magazine*, December 2009, retrieved February 15, 2010, http://www.georgiatrend.com/cover-story/12_09_education.shtml. (Note: Instructional time remains the same by adding additional time to the four days of school.)

[**<RETURN TO PUBLICATIONS LIBRARY>**](#)