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BULLETIN NUMBER 2017-02

TO: Assessors of Property
FROM: Stephanie Maxwell, General Counsel *SM*
DATE: July 24, 2017
RE: **RECENT LEGISLATION REGARDING FOREST LAND**

The purpose of this Bulletin is to supplement the discussion in Bulletin 2017-01 concerning the treatment of tracts of less than 15 acres that had been receiving preferential assessment as forest land. As discussed in the prior Bulletin, Public Chapter 297, signed by Governor Haslam on May 5, 2017, amends Tenn. Code Ann. § 67-5-1004 by deleting subdivision (3) and substituting instead the following: “(3) “Forest land” means land constituting a forest unit engaged in the growing of trees under a sound program of sustained yield management that is at least fifteen (15) acres and that has tree growth in such quantity and quality and so managed as to constitute a forest.” Public Chapter 297 applies to the tax year beginning January 1, 2017.

Bulletin 2017-01 indicated that this public chapter is not retroactive and properties previously qualifying for preferential assessment under the old law do not lose their eligibility simply because they would not have qualified under the new law. Upon further analysis, we believe that this public chapter is indeed retroactive. This means that properties of less than 15 acres previously qualifying for preferential assessment under the old law are disqualified and should be assessed at their full market value.

Although the affected properties will no longer qualify for preferential assessment as forest land, the disqualification itself will not normally trigger rollback. See Tenn. Code Ann. § 67-5-1008(e)(4)(A), which provides in relevant part as follows:

If any property or any portion of the property classified under this part as agricultural, forest, or open space land is disqualified by a change in the law . . . then the property or any portion of the property that is disqualified shall not be assessable for rollback taxes.

Please feel free to contact the Office of General Counsel or your Division of Property Assessments’ area office for further guidance on this issue.