

Table 1: Determining the Farm-Forest Proxy (Weighted Average)

Step 1			Step 2			Step 3	Step 4
Soil Class	Total area (acres) of farm woodlots by soil class		Assessment value by soil class (\$/acre)	=	Total value of farm woodlots by soil class	<p>The weighted average for a given band is calculated by dividing the total assessment value (Step 3) by the number of total acres of farm woodlots (Step 1).</p> <p>$\\$551,075 \div 2,226 = \\247</p>	
1	24	x	\$1,150	=	\$27,600		
2	32	x	\$950	=	\$30,400		
3	139	x	\$800	=	\$111,200		
4	227	x	\$375	=	\$85,125		
5	570	x	\$250	=	\$142,500		
6	1,234	x	\$125	=	\$154,250		
Total	2,226				\$551,075	\$247/acre	

Table 2: Managed Forest Assessment for a Forest Property (100% eligible for MFTIP)

	Description	Calculation
Step 1	Determine the current value assessment (CVA) for the property as if it were not in MFTIP.	CVA property assessment for 50 acres = \$30,000.
Step 2	Identify the farmland band for the land as assigned by MPAC.	Farmland band for Smith township = 045.
Step 3	Identify the farm-forest proxy value (\$/acre) of the MF land.	Farm-forest proxy value for Smith township = \$247/acre.
Step 4	Calculate the value of the MF assessment value of the property by multiplying the eligible acreage of the property by the farm-forest proxy.	$\$247/\text{acre} \times 50 \text{ acres} = \$12,350$.
Step 5	Determine if the assessment "cap" impacts the property?	The "cap" does not apply because the MF assessed value (Step 4) is less than the CVA of the property before entering MFTIP (Step 1).
Step 6	Determine if the assessment "floor" impacts the property? (Remember the "floor" prevents the assessment from being reduced more than 69% when entering the MFTIP.)	The "floor" does not apply because the MF assessed value (Step 4) is not reduced by more than 69% of the CVA of the property before entering MFTIP (Step 1). $\$30,000 \times 69\% = \$20,700$ (maximum reduction) $\$30,000 - \$20,700 = \$9,300$ (floor)
Summary	In this example, the property has a CVA value of \$30,000 before entering the MFTIP. Under the MFTIP program the property is reassessed as managed forest and the new assessment is \$12,350, which is then taxed at 25% of the residential tax rate set for the local municipality.	