



# The Cabin Fee Act (CFA) Frequently Asked Questions

12/11/2015

## The Cabin Fee Act (CFA)

### **1. *What is the Cabin Fee Act?***

The [Cabin Fee Act \(CFA\)](#) is a law, signed by President Obama December 19, 2014, in Section 3024 of the National Defense Authorization Act for Fiscal Year 2015, Public Law No. 113-291. The CFA establishes a new method for determining special use fees for the Recreation Residence Program by using a fee table and institutes a transfer fee in the event that a cabin changes ownership. Section (k) of the CFA repeals the former law that governed the fees - the Cabin User Fee Fairness Act of 2000 (CUFFA).

The CFA also provides for fee retention by the Forest Service (FS) starting ten years after December 19, 2014. Any and all fees collected shall be used to administer the recreational residence program and other recreation programs carried out on National Forest System lands.

### **2. *Does all of the fee retention money stay in the district where it was generated?***

That has not yet been determined. The fee retention money collected will not become available until after December 19, 2024. Recreation residence funds collected after that date will be available to the Forest Service. The Forest Service leadership will be developing a plan on how best to expend those funds when we get closer to that date.

### **3. *Why did this law come about and where did the percentages and fee amounts come from?***

The cabin owners, through the National Forest Homeowners (NFH) and other cabin organizations, worked with members of Congress for several years to write and implement the CFA to provide a market based long-term dependable fee structure. The Forest Service has supported the CFA and is responsible for implementing the law. Under the previous law, the annual permit fee was based on 5% of the appraised value of the recreation residence lot (not counting the cabin and private improvements) and with high land values in some areas, it made for steep fees that some cabin owners found to be unfair and unsustainable.

The annual fee amounts and related percentage of cabins assigned to each tier was crafted by the NFH and members of Congress with the oversight of the Congressional Budget Office.

### **4. *Where can I locate a copy of the Cabin Fee Act?***

A copy of the Cabin Fee Act can be found on the [U.S. House of Representatives, Office of the Law Revision Counsel website](#) at [http://uscode.house.gov/view.xhtml?req=\(title:16%20section:6214%20edition:prelim\)](http://uscode.house.gov/view.xhtml?req=(title:16%20section:6214%20edition:prelim))

**5. *What does the CFA do for recreation residence permit holders?***

The CFA removes the need for the recurring appraisal process that was required under the old law (CUFFA). CFA establishes eleven “fee tiers” using the rank ordering of the last Forest Service approved appraisal of the recreation residence typical lot. The “fee tiers” provides permit holders predictability and stability relating to future lot permit fees. The eleven fee tiers, range from \$650 to \$5,650 with each fee tier increasing by \$500.

The CFA also established a transition period from the previous CUFFA fee system to the new fee tiers in a retroactive manner for the 2014 and 2015 fees, limiting the annual permit fees for those two years which accounted for some permit holders getting refunds and/or credits towards their 2015 bills.

**6. *Are Forest Service recreational permits deductible on federal taxes?***

Please consult your local tax professional regarding any federal, state, or local tax deduction questions.

**7. *Will the Forest Service issue new permits as a result of the passage of the Cabin Fee Act?***

No. Enactment of the CFA does not require issuance of new recreation residence permits. The CFA only changes the land use fee system for recreation residence permits by, substituting the land use fee system in the CFA for the land use fee system in the Cabin User Fee Fairness Act. This amendment will not require the signature of the permit holder.

## **Fee Tier Assignments**

**8. *Under CUFFA, my fee was based on a second FS appraisal and a fee adjustment as provided by the FS line officer. Will my tier assignment under CFA be based on the second FS appraisal and the fee adjustment I received under CUFFA?***

Yes. The CFA is specific in that FS approved appraisals shall be used as the basis for tier ranking purposes. There is no provision in the CFA to consider CUFFA fee adjustments in the tier ranking process.

**9. *Will fee adjustments be considered in the CFA tier assignments?***

No. Prior fee adjustments will not be considered unless there was a corresponding adjustment of the appraisal value.

**10. *How are fee tier assignments prepared?***

The CFA specifies that the most recent (last) Forest Service approved appraisals shall be used as the basis for tier ranking purposes. Prior to ranking, the appraised values are “normalized” using the National Association of Homebuilders/Wells Fargo Housing Opportunity Index (2012 4<sup>th</sup> Quarter). This “normalization” process adjusts for real estate value changes that have occurred over the entire appraisal cycle (6-years) in order to provide for an equitable tier ranking. The “normalized” values are ranked from lowest

to highest. The CFA prescribed percentage (see table below) for each tier was then applied to the “normalized” values to determine the tier assignments. For example; 6% of the lowest “normalized” values nationwide were assigned to Tier 1; and 1% of the highest “normalized” values nationwide were assigned to Tier 11.

Fee Tier	Approximate % of Permits Nationally	2016 Land Use Permit Fee
Tier 1	6%	\$650
Tier 2	16%	\$1,150
Tier 3	26%	\$1,650
Tier 4	22%	\$2,150
Tier 5	10%	\$2,650
Tier 6	5%	\$3,150
Tier 7	5%	\$3,650
Tier 8	3%	\$4,150
Tier 9	3%	\$4,650
Tier 10	3%	\$5,150
Tier 11	1%	\$5,650

After the initial fee year, fee amount will be adjusted annually using a 5-year rolling average from the Department of Commerce, Bureau of Economic Analysis Implicit Price Deflator for the Gross Domestic Product (IPD-GDP) index.

**11. *When will the fee tier assignments be known?***

The tier assignments have been completed; the Forest Service Regions have specifically identified the individual lot holders for each Tier for billing purposes. The FS has shared the information with NFH to review and verify prior to billing. The tier assignments and permit fee bills will be coming out shortly.

**12. *Will my permit fee change as a result of the fee tier assignments?***

Yes. Some annual fees will increase while others may decrease based on the fee tier assignment.

**13. *Why is it that my annual permit fee stayed almost the same, but cabin owners that would have otherwise paid significantly more are paying much less under the CFA?***

The law was not written or enacted by Congress to adjust permit fees by a fixed amount or percentage. The law is intended to sustain the recreation residence program in a fair and predictable manner.

**14. *Do I have appeal rights regarding my fee tier assignment?***

No. The determination of which tier each cabin will be assigned to will be done according to a formula set out in section (f)(1) of the CFA, and therefore, is not appealable because the Forest Service is implementing law through a mathematical

process and there is no discretion or decision being made. Cabin owners are encouraged to contact their local Forest Service office with any questions they may have.

***15. Can I obtain a new appraisal from the Forest Service if I'm unhappy with my fee tier assignment?***

No. The CFA directs the Forest Service to finalize any pending appraisals prior to implementing CFA, which has been completed. The CFA further requires the Forest Service to adjust the appraised values so that they are consistent in time to reflect the market. See question 3 and question 4 responses.

***16. What will my annual permit fee be in the future?***

Once the fee tier assignments are made and you receive your 2016 bill, your future permit fee will be the same amount as your 2016 fee, including a nominal inflation adjustment each year as required by law.

***17. When is payment due under the new CFA process?***

The new tier-based fees established by the Cabin Fee Act will be effective with the 2016 permit fees. You don't owe anything until you get a bill and your bill will provide this information, but generally, you have 30 days from the date the bill was issued, which is usually in early December but may be delayed a little due to the new implementation requirements. Late payment charges begin to accrue 31 days after a bill is issued ([7 CFR Part 3](#)).

## **Transfer Fee**

***18. What is the cabin Transfer Fee?***

As required by law, the Forest Service shall require a transfer fee in the amount of \$1,200 when there is a change in ownership of the recreational residence and a new permit is issued. The transfer fee shall annually increase or decrease to reflect inflation, which is accounted for by changes in the Implicit Price Deflator for the Gross Domestic Product published by the Bureau of Economic Analysis of the Department of Commerce, applied on a 5-year rolling average ([16 USC 6214](#) Sec (h) (1-2)).

***19. Why did the Forest Service impose a transfer fee?***

The Forest Service didn't request for a transfer fee to be imposed. The new law defined the requirements and the FS must implement the law as written.

***20. When will the forthcoming transfer fee be applied?***

The transfer fee is expected to take effect and be required as of January 1, 2016. The transfer fee applies whenever a new recreation residence special use permit is issued due to a change in ownership of the cabin. Formal transfers initiated on or prior to December 31, 2015 are not subject to the transfer fee identified in 16 USC 6214 (h).

**21. What will the transfer fee money be used for?**

For the next ten years, the transfer fee as well as the annual permit fees will go to the general Treasury of the United States. Since the recreation residence program began, the permit fees have always gone to the Treasury (not the Forest Service). In the year 2025, ten years from the passage of the CFA, the recreation residence fees and the transfer fees will be retained by the FS to administer the recreational residence program and other recreation programs carried out on the National Forest System lands ([16 USC 6214 Sec \(j\)\(1-2\)](#)).

**22. My wife and I own a cabin on NFS lands. We are putting it into the Smith Family Trust, so that it will transfer to our children. Do we have to pay transfer fees to place the cabin in a trust?**

When a cabin is included as a tangible personal property of a trust, there is a change of ownership of the cabin from the permit holder to the trustee, and a transfer fee will be assessed and a new permit must be issued. Placing property in or withdrawing it from a trust changes ownership of the property by operation of law ([36 CFR Subpart B Special Uses 251.59 Transfer of authorized improvements](#)). When the trust terminates, ownership changes and a new permit must be issued, typically to one or more beneficiaries.

**36 CFR Subpart B-Special Uses 251.59 Transfer of authorized improvements.**

*If the holder, through death, voluntary sale, transfer, or through enforcement of a valid legal proceeding or operation of law, ceases to be the owner of the authorized improvements, the authorization terminates upon change of ownership. Except for easements issued under authorities other than § 251.53(e) and leases and easements under § 251.53(l) of this subpart, the new owner of the authorized improvements must apply for and receive a new special use authorization. The new owner must meet requirements under applicable regulations of this subpart and agree to comply with the terms and conditions of the authorization and any new terms and conditions warranted by existing or prospective circumstances.*

**23. My spouse and I have a recreation residence cabin. We are now divorced. The court decreed that I retain sole possession of the cabin. Do I have to pay a transfer fee to have the cabin in my name?**

Yes, the transfer fee applies. This is a change in ownership from a married couple to an individual as decreed by a court order (or other legal proceeding) ([36 CFR Subpart B Special Uses 251.59 Transfer of authorized improvements](#)).

**24. In the summer of 2016, my wife and I want to give our cabin to our son and daughter at no cost in a trust; do we still have to pay the \$1,200 transfer fee?**

Yes. As required by the CFA, a change in ownership of the cabin as well as the need to re-issue the permit will trigger the transfer fee starting January 1, 2016. The amount the cabin sells for and the party taking ownership of the cabin (even if family) does not influence whether the transfer fee is required.

Although the cabin itself as personal property may be owned by more than one person, as a matter of national policy, the Forest Service will only issue a recreation residence permit to a qualified individual, a married couple or a living trust. So in this case, one of the children will have to take the responsibility for signing and adhering to the terms and conditions of the permit.

***25. I share ownership of a recreation residence and I'm presently the named permit holder. Will a transfer fee be charged if the Special Use Permit is changed to name my co-owner as the holder?***

No. The Forest Service would request a copy of the ownership documentation, but there would be no change in ownership and, therefore, no transfer fee would be charged.

***26. My recreation residence is in a trust. I want to amend to the trust to change the beneficiaries. Does changing the beneficiaries trigger a transfer fee?***

Changing the beneficiaries of a trust does not change the ownership of the trust and therefore does not trigger a transfer fee.

***27. I have a recreation residence permit and I want to put it into a trust, does a transfer fee apply?***

Yes. Once a recreation residence is placed into trust, the permit terminates, and a new permit should be issued to the trustee of the trust.

## **Annual Fee**

***28. If I paid my annual permit fee under the CFA in 2016; and then sold my cabin right after, am I due a refund?***

No. The annual permit fee is always due and payable by the current permit holder of record within 30 days of being billed. The FS does not prorate fees or review Buy/Sell Agreements of the cabin to see if permit fees were addressed in the private transaction. That is an issue between the buyer and the seller. A transfer fee would apply to the sale of the cabin, because of a change in ownership.

***29. How much will my annual fee change from year to year?***

The annual permit fee is not tied to an annual appraisal anymore, so you won't see gross changes in annual fees due local market forces. Instead, increases in the annual permit fee will be tied to the Implicit Price Deflator for the Gross Domestic Product published by the Bureau of Economic Analysis of the Department of Commerce, applied on a 5-year rolling average ([16 USC 6214 Sec \(f\)\(2\)](#)).