

Cabin Fee Act Summary

H.R.3979 Section 3024

The Cabin Fee Act (CFA) was passed by Congress as an attachment (Section 3024) to the National Defense Authorization Act (HR3979) and passed into law in December 2014.

Annual Fee. The CFA establishes a new method for determining special use fees for the Recreation Residence Program, using the following fee table:

Tier	Approx. % of Permits	Est. No. of Permits	User Fee
1	6%	840	\$650
2	16%	2,240	\$1,150
3	26%	3,640	\$1,650
4	22%	3,080	\$2,150
5	10%	1,400	\$2,650
6	5%	700	\$3,150
7	5%	700	\$3,650
8	3%	420	\$4,150
9	3%	420	\$4,650
10	3%	420	\$5,150
11	1%	140	\$5,650
Total	100%	14,000	

The approximately 14,000 special use permits were ranked by appraisal value and assigned to a fee tier after completion of the most recent appraisal cycle under CUFFA. Permit fees based on this new system were implemented for 2016 bills.

The bill specifies that appraisal values from the most recent appraisal cycle were to be used for ranking purposes (dates of value = 2006 to 2012). If a second appraisal was approved by the USFS, the second appraisal value was used in place of the initial appraisal value. Prior to ranking, all appraisal values were subject to a one-time adjustment to “normalize” values to a common date (Q4, 2012) using the NAHB/Wells Fargo Housing Opportunity Index. This normalization attempts to adjust for real estate market value changes during the 6-year long appraisal cycle to arrive at a more equitable ranking of appraisal values.

The fee determination process assigned permits by national ranking. For example, the 6% of permits with the lowest value nationally were assigned to Tier-1. Permits with the highest 1% of value were assigned to Tier-11.

The permit-to-tier assignment was conducted by the Forest Service in late 2015, in time for the 2016 billing. NFH collaborated with the Forest Service and closely monitored this process. We are pleased to report the 2016 annual permit billing administration was very smooth, a significant and historic achievement for the Forest Service. *The only future fee increases allowed by the CFA is an annual adjustment for inflation.*

Inflation Adjustment. Following the initial fee year, fee amounts will be adjusted annually using a 5-year rolling average of the Dept. of Commerce IPD-GDP index.

Interim Fee. Because of the time required to establish administrative processes for the new fee system, the bill defined an “interim fee” transition period from the old CUFFA fee system to the new CFA fee system, which capped CUFFA fees for the years 2014 & 2015 under certain conditions.

Transfer Fee. The CFA specifies a \$1,200 fee to be paid when a new permit is issued due to a change of ownership. The transfer fee amount is subject to the same annual inflation adjustment as the permit fee using the IPD-GDP index. The Forest Service implemented the Transfer Fee process, beginning January 1, 2016. Requests for new permits in 2015, even if not acted upon until 2016 were not subject to a Transfer Fee.

Periodic Review. The CFA specifies the USFS shall submit a report to Congress 10 years after the enactment of the CFA to ensure that fees reflect fair value for the use of the land for recreation residence purposes, taking into account all use limitations and restrictions. The report shall include any recommendation by the agency for modifying the fee system. Any proposed change would require Congressional action.

Fee Retention. Beginning 10 years after the enactment of the CFA, all fees from the Recreation Residence Program will be retained and expended by the USFS. The bill further directs the USFS to use the funds for administering the Recreation Residence Program and other recreation programs using National Forest lands.

The complete bill text is available under the **Cabin Fee Act** webpage on the NFH website.

Recognizing that no fee system is perfect, NFH offers the following observations in support of the new fee system.

What the CFA does for Cabin Owners

The new CFA law holds true to the NFH guiding principles for a new fee system.....

- Preserves the cabin program, no cabin loss due to high fees.
- Stable and Predictable fees, increased only by inflation, not by changes in the real estate market or a flawed appraisal system.
- Strengthened cabin values for all, and the return of cabin marketability where it was lost due to high fees.
- The elimination of cumbersome and expensive appraisals, reducing costs for the USFS & cabin owners alike.
- Simplicity and Longevity.....will withstand the test of time.
- Strengthened relationships with the USFS with fee retention.
- Peace and enjoyment of the simple cabin life once again.

What the CFA does not do.....

- The CFA does not roll back fees to pre-2008 levels
 - The average fee under CUFFA increased over 100% from 2008 to 2014.
 - The CFA resulted in a lower average fee for 2016, however, the ~10% reduction of average fee does not reverse the 2008-2014 increase.
- While the vast majority of cabin owners agree CFA fees are more equitable, there remain a few examples of permit fees that may not appear to be reasonable compared to others. The use of imperfect appraisal values for CFA fee Tier placement is the primary cause of this issue.
- While the CFA results in a range of fees supported by the market, there is no assurance the existing cabin owner is able or willing to pay the new fee level, particularly following the steep fee increase from the most recent appraisal cycle. This same issue occurred during past appraisal (fee increase) cycles in the 1980's & 1990's. The CFA eliminates all future appraisals resulting in steep fee increases, thus breaking this cycle from the past.