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Joint Standing Committee on Taxation

RE: LD 1685 - An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law

Senator Grohoski, Representative Perry, and members of the Joint Standing Committee on Taxation, my name is Kaitlyn Nuzzo and I am the Government Relations Director for The Nature Conservancy in Maine. **I appreciate this opportunity to submit written comments in opposition to LD 1685 - An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law.**

The Nature Conservancy (TNC) is a nonprofit conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We use a collaborative approach that engages local communities, governments, the private sector, and other partners. The Nature Conservancy has been leading conservation in Maine for more than 60 years and is the 12th largest landowner in the state, owning and managing roughly 300,000 acres. We also work across Maine to restore rivers and streams, partner with fishermen in the Gulf of Maine to rebuild groundfish populations, and develop innovative solutions to address our changing climate.

The Nature Conservancy strongly supports the Tree Growth Tax Law program and advocates for maintaining it. We believe this bill makes unnecessary and harmful changes to this important program. LD 1685 would increase the acreage eligibility requirement from 10 to 25 acres of forested land starting in 2025. TNC is strongly opposed to increasing the acreage eligibility for this program. The bill also authorizes municipal assessors and the State Tax Assessor to retain copies of forest management and harvest plans. We have no issues with that aspect of this bill.

Since its inception, the Tree Growth Tax Law program has become one of Maine's most important tools to encourage sustainable forestry and has served to enhance recreational opportunities and to protect wildlife habitat. The program fits a wide variety of needs and uses - from small landowners managing their wood lots to large landowners managing hundreds of thousands of acres. Increasing the acreage eligibility will force many landowners who own parcels between 10-25 acres out of the program and open those lands up to other uses.

The impact of this shift would be dramatic - it would decrease the wood supply, open areas to development and likely encourage sprawl, change the character of many communities, and unfairly allow certain landowners to unenroll from the program without a penalty. Lands and landowners currently enrolled in the program provide public benefits by keeping their lands undeveloped and in forest production, but also receive benefits in the form of paying a current use tax instead of being taxed at the

highest and best use. Forcing them out of the program and waiving the withdrawal penalty reneges on the deal struck to balance the public benefits and incentive to landowners. At its worst, this bill would allow certain landowners to double dip by capitalizing on years of paying lower taxes, then being able to sell or develop the property at significant financial gain without the back tax penalty. Breaking the commitments of the existing Tree Growth Tax Program is unfair and would undermine the integrity of the whole program.

In 2018, the Maine Legislature convened a Study Group to review the Tree Growth program based on a set of comprehensive questions from the Taxation Committee. The Study Group, led by the University of Maine's School of Forest Resources, examined nearly every aspect of the Tree Growth program. Its membership included the Maine Woodland Owners Association, the Maine Municipal Association, the Maine Forest Products Council, The Nature Conservancy, the Maine Farm Bureau, and the Association of Consulting Foresters. (The Bureau of Forestry was also appointed by the Taxation Committee but declined to participate at the time) The group met nine times and held a public listening session in the summer and fall of 2017 to review information, seek feedback and identify actions to improve implementation of the Tree Growth Tax Law.

The report and recommendations examined compliance issues, minimum lot size, penalties, the role of the Bureau, the role of local assessors, and technical assistance opportunities. In the end, the Study Group did not suggest any legislative changes, but focused more on increasing education and outreach.

For these reasons, we urge the Committee to oppose LD 1685. Thank you again for this opportunity to comment, and TNC is happy to answer questions at any time.