

Maine Legislature
Taxation Committee
2 State House Station
Augusta, Maine 04333

May 11, 2023

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

Chairpersons Grohoski and Perry, and honorable members of the Taxation Committee:

My name is Kerry Leichtman. I am a Certified Maine Assessor serving the jurisdictions of Camden, Rockport and Rockland. Thank you for the opportunity to address you on this bill.

I'm sorry I could not be here today to speak in favor of Rep. Matlack's LD 1685, An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law, as I am out-of-state today attending to personal matters.

The Tree Growth current use program is important to the Maine forestry products industry. Many businesses and workers depend on the raw materials supplied by trees, as do those who work the woods harvesting trees. As we all know, trees grow slowly. Because of this, without the tax break allowed under the Tree Growth statutes, tree-growing landowners would, over time, pay far more in property taxes than they could ever recoup by harvesting. The result of that would be less acreage devoted to producing harvestable trees.

The Tree Growth tax break is substantial. The base rate for back land in my towns is \$5,000/acre. An acre enrolled in TG is valued at \$313 for softwoods, \$251 for hardwoods and \$385 for mixed woods. On average that is a 94% discount. The values are set on a county by county basis by Maine Revenue Services.

Because this is a valuation issue, assessors are charged with administering the program and enforcing compliance. We are, by statute, the only officials who must be shown the Forest Management and Harvest Plans when we request it. Even though we are responsible for enforcing compliance we cannot keep Plans on file, we must return them to the owner or shred them. This is akin to tying one hand behind our backs.

A Forest Management and Harvest Plan covers a ten-year period. There is no way anyone could remember a Plan and know that a harvest should have taken place during a particular span of time. When a Plan is being updated and renewed, the applicant has to sign a statement saying they are following the Plan. A forester has to co-sign the application.

The problem is these attestations are not always accurate. What I do is enforce retroactively. I ask to see the Plan. Sometimes the property owner has no idea where the Plan is. It makes you wonder how they are following the Plan if they don't know where it is. I have, at times, contacted the Maine Forest Service for assistance in determining if a Plan has been followed. The Forest Service has been very cooperative each time I have called. They have also been working with foresters to make sure they are taking the attestations seriously.

The process for administering compliance is time consuming and could easily be streamlined which would make enforcement less onerous. First, LD 1685 would allow assessors to keep Forest Management and Harvest Plans on file. Most Plans don't need to be considered confidential, but for those that are assessors are accustomed to handling confidential information and can keep them in a locked file drawer

along with veteran exemption applications, which are also considered to be confidential, or file them as pdf's in a password protected folder.

LD 1685 also contains a provision for rejecting Plans in consultation with the Maine Forest Service. Plans contain narratives that usually describe the relative health of stands of trees. It is common to read that a particular stand has matured and is in danger of becoming overcrowded. When overcrowded, trees compete for sunlight and nutrients in the soil. Trees will die off and rot. Diseases can set in. When these events happen, the harvestable wood loses value.

Yet the Plan's list of recommendations will often not mention an immediate need to harvest, and might not mention a need to harvest at all. There have been many times I would have returned the Plan to the forester requesting that the recommendations do a better job reflecting the Plan's narrative.

And finally, LD 1685 would increase the minimum acreage for admittance into the program to 25 acres from 10. I've spoken with landowners who have told me they can't get a forester to come to their land because harvesting a small lot is not worth their time. An increased minimum lot size would remove these too small lots from the program. The bill allows them to exit the program penalty free for the first year after it is enacted. Also, many of these lots would most likely be eligible for admission into the Open Space current use program.

Every tax break given to one landowner shifts the burden to other landowners to make up the difference. A 94% value deduction is quite generous, but well deserved for those whose participation in the program is producing raw materials for the wood products industry. Representative Matlack's bill would continue to reward these landowners while reinforcing the program's integrity by providing assessors with the tools we need to carry out our responsibilities.

I'm sorry I cannot be present to answer your questions, but my absence today is unavoidable. Thank you for reading and considering my testimony.