

**TESTIMONY OF
JOHN SAGASER, TAX POLICY COUNSEL, MAINE REVENUE SERVICES
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: 5/11/23

*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 Taxation Committee – good afternoon, my name is John Sagaser, Tax Policy Counsel for the Office of Tax Policy, Maine Revenue Services. I am testifying at the request of the Administration Neither For Nor Against *LD 1685 – An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law*.

This bill amends the Maine Tree Growth Tax Law by increasing the acreage eligibility requirement from 10 to 25 acres of forested land beginning April 1, 2025. The bill authorizes municipal assessors and the State Tax Assessor to retain copies of required forest management and harvest plans and with assistance from the Director of the Bureau of Forestry within the Department of Agriculture, Conservation and Forestry (DACF) to determine the sufficiency of a plan to meet the requirements of the law. Forest management and harvest plans retained by a municipal assessor or the State Tax Assessor are confidential and not public records.

My comments here are directed to various points of clarification of the bill's intent and other technical wording comments. As our comments are limited to tax administration and technical issues, we defer to DACF regarding any policy matters.

First, the language should be clarified regarding withdrawal from the tree growth program and application of penalties. Next, we recommend the first sentence in section 575-A be amended to explain that the Director of the Bureau of Forestry is the person required to comply with requests within six months.

Section 3 of the bill repeals the assessor's ability to request a copy of the forest management and harvest plan, and the requirement for landowners to file copies of the forest management and harvest plans will be implemented gradually as plans are updated or when new applicants enter the program. This may create a gap in an assessor's ability to access forest management and harvest plans. To avoid this, MRS recommends leaving the language in section 3 and amending it to reference forest management and harvest plans that have not yet been filed with the assessor.

Regarding the requirement that local assessors retain copies of confidential forest management plans, note that assessors are not ordinarily equipped to retain confidential material and requiring them to do so with these documents would create a mandated expense, 90% of which the State must reimburse pursuant to the Maine Constitution, Article IX, Section 21.

Note also that affected taxpayers with tree growth parcels smaller than 25 acres may be subject to a significant property tax increase despite being compliant with existing law.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.