



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF AGRICULTURE, CONSERVATION & FORESTRY
OFFICE OF THE COMMISSIONER
22 STATE HOUSE STATION
AUGUSTA, MAINE 04333

AMANDA E. BEAL
COMMISSIONER

TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON TAXATION

In Opposition to LD 1685

An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law

May 11, 2023

Senator Grohoski, Representative Perry, and members of the Taxation Committee, my name is Patty Cormier, and I am the Director of the Maine Forest Service and the Bureau of Forestry. I am speaking on behalf of the Department of Agriculture, Conservation and Forestry 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 Tree Growth Tax Law was enacted in 1972 to promote better forest management and to encourage woodland owners to retain and improve their forest land. All enrolled forest lands are assessed for tax purposes based on their current use – in effect, growing trees – rather than on their "highest and best use," which in most cases means some form of development. A landowner makes a long-term commitment to manage their property *primarily for growth of trees to be harvested for commercial use*, in accordance with a written Forest Management Plan prepared or endorsed by a Maine Licensed Forester. In most cases, the reduced valuation of lands enrolled in Tree Growth substantially lessens the property tax burden on landowners, enabling them to make long-term timber management decisions and investments.

Woodland owners of all descriptions and ownership sizes have enrolled their lands in the Tree Growth Tax Program (TGTP) since its inception. Approximately 11.3 million acres of forestland are enrolled statewide, with 3.7 million acres in the organized towns. These woodlands continue to support robust, highly diverse forest product economies in all parts of the state, including manufacturers and mills of all types and scales. Maine's woodlands are critical resources that provide clean drinking water, fish and wildlife habitat, recreational opportunities, and scenic qualities. They are also foundational to the state achieving its climate goal of carbon neutrality by 2045.

The success of the Tree Growth Tax Program rests in large part on its stability and predictability for participating woodland owners, who make long-term commitments and investments in their woodlands. The changes proposed in LD 1685 place undue and unnecessary constraints on both landowners and municipalities. For example, eliminating enrollment by smaller woodlands only

increases the likelihood of further woodland fragmentation, parcelization, and poorly planned development, especially in parts of the state where forest cover is already decreasing. Similarly, the automatic withdrawal of enrolled woodlands based solely on their division into parcels of less than 25 acres could encourage conversion to non-forest land uses, further reducing forest cover. Requiring automatic submission of forest management and harvest plans by landowners seems redundant with the existing ability of towns to request such plans for review. In some towns this may result in administrative burdens of managing these confidential documents. Lastly, the bill language regarding the Bureau of Forestry's assistance to towns adds confusion, not clarity, as to the timing and nature of such help.

The Tree Growth Tax Program is intended to support and promote long-term forest management by taxing land based on its current use. Investments in the forest require decades to recover and can transcend the life of the original owner. The risk of policy changes in current use taxation is a strong disincentive to woodland owners making long-term commitments to the future of Maine's forests. We believe the changes proposed in LD 1685 undermine the long-standing success of Tree Growth Tax Program in helping maintain Maine's woodlands, our forest economy, and the many other benefits that come from living in our country's most heavily forested state.

We urge you to oppose this bill. Thank you. I'd be happy to answer any questions you may have.