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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 Nichole Stenberg and I serve as the Tax Assessor for the Town of Oakland. I am here today to speak in favor of LD 1685, An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law.

As I am sure you are all aware, Maine's Tree Growth Tax Law provides integral support to Maine's wood products industry. It helps Maine landowners maintain their property as productive woodlands by providing a reduction in property taxes to those acres enrolled, in recognition of the productivity value of the trees rather than on fair market value of the property. In some communities, this tax break can be substantial.

One of the requirements for entry into the Tree Growth Tax Program is that the landowner has a Forest Management and Harvest Plan prepared for the parcel by a licensed forester and that they follow this plan. These plans are updated once every ten years. The tax assessor of a community is charged with administering the program and enforcing compliance with these plans.

LD 1685 would allow tax assessors to keep a copy of these plans for reference. Under current law, assessors are allowed to ask for plans and review them but cannot keep a copy for future reference. It is very hard for an assessor to determine that a harvest or other activity is done according to a plan when that plan may have only been viewed by an assessor 10 years prior.

This bill also provides for rejection of plans in consultation with the Maine Forest Service if the plan is not sufficient to meet the requirements of the program. This change would allow assessors to seek technical assistance from experts in the field when warranted and be able to reject entry into the program rather than having to rely on retroactive enforcement of a plan.

Finally, this bill increases the minimum acreage requirement from 10 to 25 acres. As with any program that provides a substantial tax break, there are those taxpayers who enter the program purely for those reasons and not for the real benefit to which the program was enacted. This is most seen with parcels that barely meet the current minimum acreage requirement of 10 acres. Furthermore, some landowners with small lot sizes have a very hard time finding a forester to complete a harvest because it is not financially feasible. This change would remove those parcels from the program without penalty.

With the changes in LD 1685, The Tree Growth Tax Law will continue to help Maine landowners maintain their property as productive woodlands and support the wood products industry, improve integrity in the program, and ease administrative and enforcement burdens placed upon municipal assessors.

Thank you for your hearing my testimony today and I would be happy to answer any questions you may have.