



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

JANET T. MILLS
GOVERNOR

AMANDA E. BEAL
COMMISSIONER

TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON TAXATION

NEITHER FOR NOR AGAINST LD 1648

An Act to Make Changes to the Farm and Open Space Tax Law

May 17, 2023

Senator Grohoski, Representative Perry, and members of the Joint Standing Committee on Taxation, my name is Patty Cormier, and I am the Director of the Maine Forest Service. I am speaking on behalf of the Maine Department of Agriculture, Conservation and Forestry (DACF) as neither for nor against LD 1648, *An Act to Make Changes to the Farm and Open Space Tax Law*.

The Department supports an approach to incentivizing land management practices that increase carbon sequestration as a means to achieve the state's ambitious climate goals.

This bill is an effort to implement one of several recommendations of the Governor's Task Force on the Creation of a Forest Carbon Program. This Task Force was established by Executive Order in January 2021 and was charged with "develop[ing] incentives to encourage forestland management practices that increase carbon storage specifically on woodland of 10-10,000 acres while maintaining harvest levels overall." The Task Force issued its final report in October 2021, and among its recommendations was to "recommend updates to the Open Space Current Use Taxation program including in a manner that incentivizes climate-friendly land management practices."

The Farmland and Open Space Tax Law ([36 MRSA §1101-1121](#)) establishes two of Maine's four "current use" programs that offer property owners a reduction in assessed value (the other two programs being Tree Growth and Working Waterfront). All four programs establish land valuation at its current use rather than at market value. The Farmland, Open Space, and Tree Growth programs are property tax programs that are administered by municipal assessors. The Department provides information and education on the Farmland and Tree Growth programs but has less direct involvement in Open Space.

This legislation addresses only the Open Space portion of the Farmland and Open Space Tax Law and includes several components.

HARLOW BUILDING
18 ELKINS LANE
AUGUSTA, MAINE



PHONE (207) 287-3200
FAX (207) 287-2400
WEB WWW.MAINE.GOV/DACF

It would establish a new method and new criteria for the valuation of land under the farm and Open Space tax law that may be more efficient for assessors to implement. From a property assessment perspective, these changes are perhaps beyond the Department's purview. The proposed method of calculating Open Space valuations is based upon county-wide Tree Growth valuations, but additional clarification and rationale would be needed to evaluate the impact of this change.

Further, the bill establishes reductions in valuation for the management of enrolled land for carbon conservation or wildlife habitat management, and broadly outlines requirements for management plans addressing these goals for enrolled lands. The bill tasks both IFW and DACF with entering into management agreements with landowners and approving these plans, which could result in multiple fiscal notes. While the Department appreciates the intent of these changes, the Department currently has neither the authority, adequate resources, nor established criteria for reviewing such plans, entering into written agreements with private landowners, and sharing such reviews with municipal assessors.

This bill also requires the State Tax Assessor to reimburse municipalities for revenue lost as a result of lands being enrolled under the open space tax law program, in a manner similar to the method of reimbursement under the Maine Tree Growth Tax Law. The bill also removes the provision limiting to no more than 15,000 acres the amount of land that may be enrolled by a landowner under the farm and open space tax law.

In closing, the Department appreciates the intent of this bill to incentivize carbon storage and sequestration, and would welcome an opportunity to discuss this legislation further with the bill's sponsor, the committee, and advocates.

Thank you for your time. I'd be happy to answer any questions you may have now or at the work session.