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Joint Standing Committee on Taxation

RE: LD 1648 - An Act to Make Changes to the Farm and Open Space Tax Law

Senator Grohoski, Representative Perry, and members of the Joint Standing Committee on Taxation, my name is Kaitlyn Nuzzo and I am the Government Relations Director for The Nature Conservancy in Maine. **I appreciate this opportunity to testify in support of LD 1648, An Act to Make Changes to the Farm and Open Space Tax Law.** We want to especially thank Representative Boyle for working with us to bring this bill forward.

The Nature Conservancy (TNC) is a nonprofit conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We use a collaborative approach that engages local communities, governments, the private sector, and other partners. The Nature Conservancy has been leading conservation in Maine for more than 60 years and is the 12th largest landowner in the state, owning and managing roughly 300,000 acres. We also work across Maine to restore rivers and streams, partner with fishermen in the Gulf of Maine to rebuild groundfish populations, and develop innovative solutions to address our changing climate.

Our organization worked closely with the bill sponsor and a variety of partner organizations to draft this bill. Our goal from the outset was to incorporate recommendations from the Forest Carbon Task Force. The Task Force was recommended by Maine's four-year climate action plan, Maine Won't Wait, and created by Executive Order by Governor Mills in January 2021. The Task Force set out to explore issues related to carbon storage for small-to-medium size woodland owners. The Task Force met regularly for 10 months, solicited public input along the way, and ultimately resulted in a consensus report containing recommendations to enhance the ways in which Maine's forests will continue to contribute toward achieving our climate goals. My colleague Mark Berry, TNC Maine's Forest Program Director, served as a member of the Task Force and worked specifically with a subset of the group to shape the recommendations related to the Open Space Current Use Taxation program.

LD 1648 seeks to build on the work of the Task Force by incorporating the suggested program revisions into law. Priority concepts that were considered by the Task Force included:

- Streamlining the program with an added emphasis on climate benefit
- Supporting the program's ability to contribute to maintaining forestland and reducing forestland loss in Maine
- Increasing program efficiency by making it easier to administer by municipalities
- Accommodate a wide range of potential land management practices - from harvesting for forest products to managing for different forest types or carbon storage

- Ensuring the program does not create a fiscal burden for municipal budgets by requiring state reimbursement

LD 1648 addresses each of these concepts and we believe it would make important and necessary changes

It is worth noting that while the bill before you appears to be complex and the summary states that it establishes a "new method of the valuation of land under the farm and open space tax law", the actual concept is not new and quite simple. Currently the Open Space Tax Law operates under a structure that is quite different from the more commonly known and utilized Maine Tree Growth Tax Law. This bill would change the Open Space Tax Law program to conform to the simpler model used with Tree Growth, making it easier for landowners, municipalities, and the state to implement.

Each year, the State Tax Assessor determines the Tree Growth rates broken out by county and forest type, then distributes those rates to municipalities so they can implement the Tree Growth Program. LD 1648 uses those same annual values to calculate a maximum Open Space value broken out by county as the starting point, then outlines a more streamlined set of criteria to further reduce the valuation. Landowners can then choose any two of the following four management options to further reduce their valuation: allowing public access, managing for wildlife habitat, managing for forest carbon sequestration, or opting for permanent protection. The bill outlines criteria for each of these categories and requires consultation with state agencies and management plans to ensure accountability to these priorities.

TNC strongly supports Maine's current use tax programs and utilizes both the Open Space Tax Program and the Maine Tree Growth Tax Program. We appreciate this opportunity to refresh the Open Space Tax Program to make it simpler and better able to accommodate current land management trends and values around forest carbon. We urge the committee to support LD 1648, and we are happy to answer questions now or at any point in the future. Thank you for the opportunity to comment.