



# Maine Forest Products Council

*The voice of Maine's forest economy*

## Testimony in Support of LD 1135 (as amended)

### **“An Act to Ensure that Carbon Credits Can Be Sold on Forest Land Enrolled in the Maine Tree Growth Tax Law”**

April 18, 2023

Patrick Strauch, Executive Director

Senator Grohoski, Representative Perry and members of the Committee on Taxation, my name is Patrick Strauch, I am a resident of Exeter and am here today to present testimony on behalf of the Maine forest Products Council in support of LD 1135, “An Act to Ensure that Carbon Credits Can Be Sold on Forest Land Enrolled in the Maine Tree Growth Tax Law”, as amended.

The Tree Growth Tax Law (TGTL) was established as a tool to support an active and healthy forest-based economy by encouraging active forest management. The Council is supportive of the recent amendment to LD 1135 because it leaves TGTL unchanged while facilitating an important dialogue between the Maine Revenue Service and the Maine Forest Service regarding carbon markets and how the voluntary carbon market intersects with the Tree Growth Tax Law.

Four years ago, I was appointed to serve on Governor Mills’ Maine Climate Council as a representative of the forest industry. During the process of establishing the four-year action plan, it was determined that forests are critical to achieving the ambitious goal of carbon neutrality by the year 2045. From a biological perspective, Maine’s forests (more than 90% of which are privately owned) currently absorb 60% of our petroleum emissions with durable wood products storing an additional 15% (see graph on next page). In order to achieve our long-term goals, active forest management and carbon sequestration will be critical.

Carbon markets, meant to provide financial incentives for the storage of carbon in forests, are evolving. Requirements for carbon offsets must be closely monitored to ensure that offsets are real, additional, verifiable, permanent and enforceable.

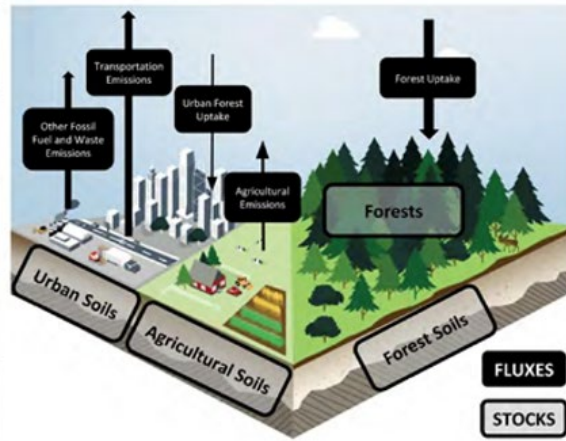
Carbon markets can be an opportunity for landowners to earn additional revenue from the carbon that is sequestered on their property, but the question is, can Maine maintain and grow its harvest levels to meet increasing demand for

#### Companies represented on the MFPC Board

A & A Brochu Logging  
American Forest Mgmt.  
Baskahegan Co.  
BBC Land, LLC  
Columbia Forest Prod.  
Cross Insurance  
Family Forestry  
Farm Credit East  
Fontaine Inc.  
H.C. Haynes  
Huber Resources  
INRS  
J.D. Irving  
Katahdin Forest Mgmt.  
Key Bank  
Kennebec Lumber  
LandVest Inc.  
Louisiana Pacific  
Maibec Logging  
ND Paper  
Nicols Brothers  
Pingree Associates  
Prentiss & Carlisle  
ReEnergy  
Richard Wing & Son  
Robbins Lumber  
Sappi North America  
Southern Maine Forestry  
Stead Timberlands  
St. Croix Tissue  
St. Croix Chipping  
TD Bank  
Timber Resource Group  
Timberstate G.  
Wadsworth Woodlands  
Wagner Forest Mgt.  
Weyerhaeuser  
Woodland Pulp

## Maine Forest's Importance to State's Annual Carbon Budget

Carbon Pool	% of State's Annual Fossil Fuel Emission
Forest carbon stocks + annual growth	60%
Forest products	15%
Total forestry sector	75%
Net Land Sink	78%



climate-friendly wood products while participating in the carbon market? This is an ongoing debate and policy question that is happening not only here, but also around the world.

The amendment offered here today reflects concerns of the industry about including carbon as an explicit qualifying activity in the Tree Growth Tax Law program. MFPC feels that carbon agreements should be separate, and that the TGTL program should be evaluated on adherence to a management plan enacted for the purpose of taxing forest lands generally suitable for planting, silviculture and continuous growth of forest products on the basis of their potential for annual wood production. Carbon programs can be designed to reach this objective independently of the practice being included in the TGTL program.

For these reasons, MFPC supports this bill as amended. Thank you for your consideration. I would be happy to answer any questions the committee may have.