



# Maine Forest Products Council

*The voice of Maine's forest economy*

## Testimony 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

Pat Strauch, Executive Director

Senator Grohoski, Representative Perry and members of the Committee on Taxation, my name is Patrick Strauch, and I am submitting testimony on behalf of the Maine forest Products Council 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 (TGTL) was established as a tool to support a healthy forest-based economy by encouraging active forest management on forested lots that are 10 acres in size and greater. Since 1971, the statutory description of TGTL has said, “It is declared to be the public policy of this State that **the public interest would be best served by encouraging forest landowners to retain and improve their holdings of forest lands** upon the tax rolls of the State and **to promote better forest management by appropriate tax measures in order to protect this unique economic and recreational resource.**”

The Maine Forest Products Council opposes LD 1685 because it runs counter to the goals set in statute more than 50 years ago by arbitrarily limiting participation and proposing other changes that are harmful to the program.

As drafted, every section of LD 1685 is designed to disqualify program participation. Specifically, it would:

- Increase the acreage eligibility requirement from 10 to 25 acres beginning April 1, 2025 (this change disqualifies roughly 99,000 acres from the program)
- Authorize municipal assessors and the State Tax Assessor to retain copies of forest management and harvest plans (these plans contain proprietary information)
- Authorize municipal assessors and the State Tax Assessor to determine if a management plan is sufficient to meet the law (this is currently done by licensed foresters with a background in forest management)

By and large, the TGTL has stood the test of time. One important goal of this program was to provide continuity of forest management, especially on smaller wood lots that comprise a

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Farm Credit East  
Fontaine Inc.  
H.C. Haynes  
Huber Resources  
INRS  
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Katahdin Forest Mgmt.  
Key Bank  
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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

significant portion of Maine's timber supply. This has become especially important in recent years, specifically in the central and southern parts of our state where the real estate market has taken off. Because of the way it is structured, the TGTL has helped maintain wood supply for Maine mills, and it has helped educate new generations of landowners about the benefits of managing wood lots of all sizes. With this new trend in the real estate market, now is decidedly not the time to entertain changes that would disqualify a large number of landowners from participating in the program.

In addition to making changes that run counter to the intent of the program, this bill will set a dangerous precedent by disqualifying landowners who are legitimately enrolled in the program. Section 4 of the bill is intended to protect landowners who are disqualified from penalties, but the Maine Constitution dictates otherwise. This places small woodland owners holding nearly 100,000 acres of forestland at risk of facing significant financial harm should this bill come to pass. Considering these lots are between 10-24 acres in size, the impact would be significant. It would not be fair to penalize program participants who have land enrolled in the program because the rules changed after the fact.

Over the last 52 years, the TGTL has been studied time and time again. Most recently, the Maine Forest Products Council participated in a committee commissioned by this committee that was chaired by the head of the School of Forest Resources at the University of Maine to study the program. The resulting report, titled "Review of the Maine Tree Growth Tax Law," was presented to this committee during the 128<sup>th</sup> Legislature. None of the proposals included in this bill were recommended. For these reasons, please vote '**Ought not to pass**' on LD 1685.

Thank you for your consideration. I would be happy to answer any questions the committee may have.