

# Tree Growth Tax Law in the 127<sup>th</sup> Legislature

## Stewardship Forester Meetings

DEPARTMENT OF AGRICULTURE, CONSERVATION AND FORESTRY  
Maine Forest Service  
Forest Policy & Management Division  
April 2015

A stylized, dark teal silhouette of a mountain range is positioned at the bottom right of the slide, extending from the right edge towards the center.

# Tree Growth Tax Law Overview

- Audit report
- Proposed legislation

# Tree Growth Tax Law Audit Report

- Public Law 2011, Chapter 619, An Act To Evaluate the Harvesting of Timber on Land Taxed under the Maine Tree Growth Tax Law
- Charged MFS to make findings from the audit, including:
  1. Any findings related to any differences in compliance issues based on the location of parcels (e.g. coastal and waterfront);
  2. Summary of data concerning violations and enforcement activities;
  3. Assessment of the effectiveness of TGTL in promoting the harvesting of fiber for commercial purposes and its impact on the fiber industry; and
  4. Recommendations to address any problems identified and to ensure that enrolled parcels meet the requirements of the law.

# Tree Growth Tax Law Audit Report

- Focused audit on organized towns.
- 2 strata – inland and coastal
- $n = 141$
- Reviewed plans and performance on the ground

# Tree Growth Tax Law Audit Report

- OVERALL – THE TREE GROWTH TAX LAW WORKS
- Large majority of landowners living up to their responsibilities
- Problems found with a small percentage of landowners and on small percentage of land – but highly visible because of property attributes (coastal, waterfront, etc.)
- MFS did not find large-scale problems that require an overhaul of the law
- MFS did find areas to improve administration of, and compliance with, the existing law

# Tree Growth Tax Law Audit Report

- 55% of parcels had plans with some deficiency (10% serious)
- 63% of coastal town parcels had deficient plans
- Harvesting on  $\sim \frac{1}{2}$  of parcels
- Most harvesting followed plan recommendations

# Tree Growth Tax Law Audit Report

- First letter often yielded TG application  
– no plan
- Several landowners did not have their plan – had to locate forester to get plan
- Several landowners do not understand what a plan is or what is in their plan

# Tree Growth Tax Law Audit Report

- Lots of bad addresses (on the towns)
- Lots of land changing hands
- Dealt with a number of POA's
- Submitted report February 2014
- Crickets



# Tree Growth Tax Law Audit Report

- Internal email:
- “[Mr. X] of [town Y] called today to inquire about his TGTL audit letter. [He’s] been in the program since 1981, he has never had a management plan. He has been in touch w/foresters over the years, but it sounds like they never closed the deal. He also got a letter from the town a few years ago, but they never followed up.
- I think I convinced him that it would be best if he had a plan prepared as soon as possible. He said he had been talking to a forester (unidentified, and I didn't want to ask) since he'd gotten our letter, so maybe he will have a plan by the time you show up to visit his land.”

# Tree Growth Tax Law Audit Report

- From a consulting forester: “...as a rule, very few [landowners] can find their management plans and even if they can, they do not read them, understand them and in many cases, follow them. The exception are landowners regularly working with a forester.”

# Tree Growth Tax Law Legislation

- Administration asked MFS to draft legislation to implement report's recommendations and address other issues.
- MFS drafted a bill; it appeared in the budget bill - Part BB

# Tree Growth Tax Law Legislation

- What it does
  - Amends the definition of a forest management plan to remedy some issues found during the audit
  - Requires landowner to “have access to a copy” of their plan
  - Requires landowner to retain an expired plan for two years
  - Requires sworn statement from forester that new landowner is following plan (transfers)

# Tree Growth Tax Law Legislation

- What it does
  - Reauthorizes MFS audit and reporting function
  - Allows Revenue Services to withhold a portion of TGTL reimbursement if town fails to follow MFS recommendations or submit required reports
  - Allows MFS to request plans directly from landowner; inspect properties

# Tree Growth Tax Law Legislation

- What it does
  - Requires MFS to notify assessor in writing of any findings
  - Provides for a penalty for landowners who are found in noncompliance and exit to Open Space or Farmland programs