

OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 1, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 400, "An Act To Amend the Maine Tree Growth Tax Law"

Summary: This bill provides that a landowner applying for classification of land under the Maine Tree Growth Tax Law must attest that the harvesting of trees on the land will be performed by persons who are residents of the State and that forest products from the land will be processed only by processors located in the State.

Public Hearing:

Proponents

- The sponsor presented the bill indicated he may be open to changes that may address issues with mills. Senator Jackson testified in support of the bill.
- *Major points:* should evaluate return on investment for current use valuation of the land, should benefit Mainer's in terms of jobs and building forest products processing capacity.

Opposed

- Those testifying in opposition to the bill included representatives of the Small Woodland Owners of Maine, the Maine Farm Bureau, the Nature Conservancy, Maine Forest Products Council, Maine Audubon Society, Professional Logging Contractors of Maine, Maine Forest Services, Maine Snowmobile Association and a representative of Huber Resources Corporation.
- *Major points:* owner often sell to loggers, contractors or brokers but would still be responsible and possibility penalized for ultimate sale; Maine is net imported of wood; TG law is contract between landowner and state – this bill changes terms of contract; negative impact on forest products industry and jobs; when created TG program was mandatory for landowners with 500 acres or more; commerce clause issues.

NFNA

- A representative of Maine Municipal Association testified 'neither for nor against' this bill.
- *Major points:* administrative issues; towns wouldn't know if there was a violation.

Technical issues: If the Committee chooses to move forward with this bill, the bill may need to be amended to include an application date. The Committee may want to ask for a legal opinion on constitutionality and whether this is a municipal mandate.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was finalized.