Maine’s Tree Growth Tax Program: The Basics

Maine Forest Service
2011
Why Tree Growth?

- In effect since 1971

Purpose of Tree Growth:
- “to tax all forest lands according to their productivity”
- “encourage forest landowners to retain and improve their holdings of forest lands”
- “to promote better forest management”

(Source: Title 36, Chapter 105, Subchapter 2-A, Tree Growth Tax Law)
Current use tax programs

- Are statewide programs based on state law
  - Information available from Maine Revenue Services
    - Property Tax Bulletin 19 – Tree Growth

- Are administered locally by the town assessor
  - Talk to your assessor!

- Have eligibility requirements for land
  - Understand the program; keep good records; work with your forester
Sources of information

- Maine Revenue Services
  - **Property Tax Bulletin 19 – Maine Tree Growth Tax Law**
  - Tree Growth Application Schedule
  - Annual Tree Growth Valuations

- Maine Forest Service
  - Fact Sheet #17 – Maine Tree Growth Tax Law
Maine Forest Service

- Maine Forest Service
  - 10 District Foresters & Augusta staff
    - Forest Rangers
    - Forest Health specialists

- Landowner Assistance -
  - Publications, presentations, workshops, etc.
  - Woodlot visits with individual landowners
  - Questions by email/phone
  - Referrals to private Licensed Foresters

For more information on the many topics in this presentation, take a “Working With Your Woodland” course with an MFS District Forester.
Two Things to Remember...

- Tree Growth is administered locally by the town assessor
  - MFS does **NOT** administer or enforce Tree Growth Tax Law

- Tree Growth Tax Law has **NOTHING** to do with “Tree Farm”
General Forestry for Woodland Owners

1. Determining what your goals are
2. Knowing what’s on your property
3. Coming up with a long-term plan
4. Implementing the plan
5. Keeping records of what you’ve accomplished
6. Reviewing/updating your plan

- Working with a consulting forester
- Working with a skilled professional logger
Tree Growth - snapshot

- Landowner’s primary intent must be to grow forest products
- Minimum 10 forested acres
- TG is Semi-permanent
- Landowner must have a written forestry plan
- Landowner must recertify every 10 years
- Withdrawal can result in a BIG penalty
How Tree Growth Affects Your Forestry

- Reduces property taxes on eligible woodland

Requirements:
- Involvement of a Licensed Forester
- Productive forestland
- A written forestry plan
- Requires that the landowner implement the plan
- Harvesting of commercial forest products
- Requires that the landowner update the plan and “recertify” every ten years
Working with a Forester

- Maine Forest Service Foresters **cannot** write plans or manage timber harvests for you

- MFS foresters can help you find a private, independent consulting forester

- Foresters must be licensed by the state of Maine

- MFS strongly recommends that you
  - talk with several foresters,
  - hire the one that best meets your needs, and
  - develop a long-term working relationship with your forester
Productive Forestland

- Land that is used for, and is capable of producing commercial forest products

May not include all land with trees –

“..land unsuitable for growing a forest product or for harvesting”
Determining your goals

- Most landowners have multiple goals

- Tree Growth is appropriate for woodlands where the primary goal is to grow and harvest commercial forest products

- Tree Growth does NOT prohibit other landowner uses (e.g. recreation) or considerations like wildlife habitat, scenery, etc. - however....
More about Forestland

- ... the primary use must still be production of forest products.

- Land where no harvesting will occur due to other considerations (e.g., wildlife habitat) should not be included in TG.

- Land where harvesting is prohibited by law/ordinance IS eligible for TG.

- Land must be “contiguous”, all connected (though it’s ok if the land has a road through it).
Forest Management and Harvest Plan (the “forestry plan”)

- Must be a written document
- Must be prepared or signed by a licensed professional forester
- Must contain required TG items, including:
  - activities to “regenerate, improve, and harvest” timber
  - Location of water bodies
  - Location of wildlife habitats identified by IFW
  - A map
- A landowner’s TG plan is not a public document.
Plan information

- Assessment of the property/conditions
  - Field Inventory – how much effort?
  - Descriptions of different forest “stands”
  - Other resources? Other goals of the landowner?

- Recommendations
  - Types of harvest options considered
  - Detail/specificity – how much/which trees/which stands/acres
  - Process - How to go about getting a harvest done

- Cost vs. income – can the plan be implemented?

- Looking back ten years from now…
  - is there enough information to determine if the plan was implemented?
More about forestry plans...

- A TG plan should clearly state your intention to manage and harvest commercial forestry products.

- A TG plan can be simple but should be clear, and have enough information to be useful in making decisions. You can ask your forester to include more detail.

- Costs can vary widely – know what you’re getting and what it’ll cost ahead of time.

- Financial incentives programs may be available to help pay for the cost of a plan.

- You SHOULD follow the plan – if circumstances change, amend your plan (though you still must meet TG requirements).
Maps

- Quality of maps can vary - is there enough information?
  - Simple can be ok.

- The map must show the location of enrolled & un-enrolled Tree Growth acres accurately

- The map must show the stand types (softwood, hardwood, and mixed wood)

- The location of enrolled acres can’t be moved around over time

- The map can be updated/revised to be more accurate if necessary.
Harvesting Commercial Forest Products

- TG requires that you harvest at some point

- You do not have to harvest every year, every ten years, or a certain amount of wood

- HOWEVER, your plan should show how you are meeting TG intent

- Under TG it is generally not enough to cut wood solely for personal use.
Sawlogs, Pulpwood, Firewood, and Chips are Forest Products
Maple Syrup and Christmas Trees are also Forest Products
Harvesting

- Harvesting land in TG is **not** prohibited
- Harvesting land in TG is **not** regulated differently from other land

- Tree Growth Tax Law does not dictate HOW you harvest commercial forest products
  - Different harvest options can be considered
  - Make sure your harvest will actually do what the plan says
Harvesting...

- You are not required to involve your forester in implementing the harvest, but
  - MFS strongly recommends that you do involve a Licensed Forester
    - Layout, marking, contracting, monitoring, etc.
  - if you don’t involve a Licensed Forester, you (and/or your logger) must still harvest according to the plan.
How to apply...

- For land being classified for the first time:
  - Have a "forestry plan" prepared by an LF
    - Do not give this to the town
  - Submit a Tree Growth Application Schedule to the town
  - Submit a map of the parcel showing the enrolled acres to the town

- For a new owner of land already classified in TG:
  - Have a new plan prepared, OR
  - Adopt a current plan from the previous owner (if it’s available; your forester must sign the application)
  - Submit application & map to the town
Ten Year Recertification

- Licensed Forester inspects the parcel and certifies that:
  - Forest management of the property has followed the current forestry plan
  - Will a Licensed Forester certify this statement?
  - Landowner has a plan for the next ten years

- Licensed Forester signs a new TG Application Schedule

- Landowner signs & submits the new schedule and a map to the assessor
During the 10-year period...

- Landowner does not have to submit the plan itself to the town to apply (just the map)
- If circumstances change, amend your plan (with the help of your forester)
- Keep records of what you accomplish (with the help of your forester)
- Assessor can request a copy of the plan for review at any time (but plan is still confidential)
- Assessor can request assistance from Maine Forest Service to determine
  - If the plan contains the required information, and/or
  - If harvesting activity on the land follows the plan
Getting out of TG – the Good Way

...if a landowner changes their mind or changes the use of some acres

- Option #1: Landowner transfers to Open Space or Farmland Tax programs
  - No penalty

- Option #2: Withdraw from TG voluntarily and pay a penalty (some or all acres)
Getting out - the Hard Way

- The town withdraws the land because Landowner fails to meet requirements:
  - Example 1 – Created parcels less than 10 acres
  - Example 2 – Failure to follow the forestry plan
  - Example 3 – Failure to recertify

- Landowner will be assessed a penalty
Transfer of ownership

- For land that is enrolled in Tree Growth that is sold to a new landowner:
  - Tree Growth land always stays enrolled in Tree Growth at land transfer
  - …unless the sale results in a subdivision leaving less than 10 contiguous acres in a parcel
Options for the New Owner

- Stay in TG by filing a new “Application Schedule” within one year of purchase
  - Have a new forestry plan written, or,
  - Adopt an existing plan (if there is one).

- Transfer to Farmland or Open Space
  - No penalty

- Withdraw some or all of the land
  - One time penalty
The Best TG Advice

- For the best information contact
  - Maine Revenue Services,
  - Town Tax Assessor,
  - a Maine Forest Service District Forester, or
  - a Licensed Professional Forester.

- Be careful and double-check information from other sources!!
For More Information

Maine Revenue Services
Property Tax Division
Phone: (207) 287-2013
Email: prop.tax@maine.gov

Maine Forest Service
Phone: 1-800-367-0223 (Augusta)
www.maineforestservice.gov