



State Income Tax Credit for Forest Management Planning

Maine Forest Service, DEPARTMENT OF CONSERVATION, 22 State House Station, Augusta, ME 04333

A forest management plan is a substantial investment, but one that pays for itself with future financial returns or landowner satisfaction. To help Maine landowners reduce the impact of a management plan's initial cost, individual income tax payers may claim a state income tax credit for the development of a forest management plan (36 M.R.S.A. § 5219-C).

Who is eligible?

An individual income tax payer in Maine who owns a parcel(s) of forestland of least 10 acres who:

- Has not applied for the credit within the last 10 years for the parcel in question.
- Has had a forest management and harvest plan drawn up for the parcel within the tax year.

This credit is available to any landowner fitting the above description, regardless of the intended use of the plan. The plan may be written for compliance with the Tree Growth Tax Law, the Tree Farm program, or for the landowner's private use.

What is a forest management and harvest plan?

A forest management and harvest plan is a useful tool for forestland owners that:

- Describes the landowner's long-term objectives.
- Contains detailed descriptions of the property in question.
- Assesses the property's current condition and potential.
- Outlines recommendations to work towards the landowner's goals.

How often can the credit be claimed?

Once every 10 years an individual taxpayer is allowed a credit of up to \$200 for a particular parcel of land. The landowner may take this credit for each separate parcel of land in his/her

ownership, provided a plan has been written for each piece (only one credit per year). Abutting lots are considered one parcel for this purpose. A Maine Licensed Forester who is not in the regular employ of the owner must prepare the plan.

How do I claim this credit?

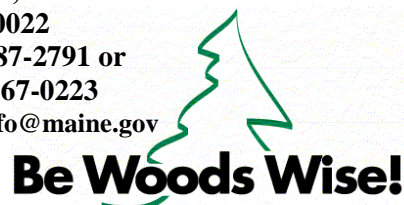
A statement from the forester supporting the claim and sworn statement from the taxpayer that the credit has not been claimed in the previous 10 years must be attached to the Maine Income Tax Return. The landowner must file the long form 1040ME and Schedule A: Adjustments to Maine Tax.

If the cost of the management plan is claimed as an expense under the Internal Revenue Code, that claim must be reduced by the amount credited on schedule A.

NOTE: The Maine Forest Service often has cost-share assistance available to further defray the cost of a forest management plan. Please contact us for more information about availability and eligibility requirements.

For more information, please contact:

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