



The Maine Tree Growth Tax Law

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

Maine's public policy encourages the management of forestland for a continuous supply of forest products and services. The Tree Growth Tax Law (36 MRSA §571 to §584-A) is a cornerstone of this policy. Forestland enrolled in the program is valued on the basis of its ability to grow trees rather than its "highest and best use."

What are the Advantages of Tree Growth?

Forestland enrolled in the Tree Growth Tax program is *valued* based on its capacity to grow timber, not its other possible uses, such as development. Each town uses its own *tax rate* to determine the property tax owed. The State Tax Assessor sets per acre valuations by county, based on stumpage prices, growth rates, and a discount rate. This generally reduces the property tax on enrolled lands.

Who Qualifies?

Any landowner who owns 10 or more acres of forested land in Maine and who manages that land with the intent to harvest trees commercially qualifies. The trees may be seedlings, poletimber, or sawtimber, or any combination of sizes.

How Do I Apply?

A landowner submits an application form (the "Schedule for Classification") and a copy of the map designating areas of softwood, mixed wood and hardwood from the Forest Management and Harvest Plan to the town (organized towns) or State Tax Assessor (unorganized town).

Applications must be filed on or before April 1st of the year in which classification is requested. Annual applications are not necessary; however, the assessing authority may request a new application at any time with 120 days written notice. You must report any changes in forest type or land use of classified forestland.

What's a Forest Management and Harvest Plan?

A Forest Management and Harvest Plan is a useful tool for any woodlot owner. A plan outlines activities to regenerate, improve, and harvest timber. To enroll forestland in Tree Growth, the landowner must obtain a Forest Management and Harvest Plan from a Licensed Forester, or prepare his/her own plan and have it reviewed and approved by a Licensed

Forester. The town may request a copy of the management plan and ask the Maine Forest Service to determine if it meets the requirements of the Tree Growth Tax Law. Your plan is confidential and is not available to the public for examination.

You are required to follow the plan. Every 10 years, you must submit a certification by a Licensed Forester that you are doing so. This certification should be included with an application for classification prior to April 1st of the year recertification is due (10 years from initial classification).

Tree growth compliant plans must include:

- General parcel information: Including the owners name and address and the property location.
- Plan period: The plan must cover a period of at least 10 years (the time between applications for certification).
- Statement of owner's management objectives: In keeping with the intent of the law, the primary objective must be for growth of trees to be harvested for commercial use.
- Map of the parcel: The map should include the following to the nearest acre:
 - Forest cover type (softwood, mixed wood and hardwood);
 - Land unsuitable for commercial forest production;
 - Land not used primarily for commercial forest and
 - Wildlife habitat identified by the Department of Inland Fisheries and Wildlife.

What if I Acquire Land Enrolled in Tree Growth?

If you buy or receive land enrolled in Tree Growth, you have one year to reapply to the town or State Tax Assessor to remain in the program. You may either (1) have a new Forest Management and Harvest Plan

developed to meet your objectives; or, (2) adopt the previous landowner's plan. If you adopt the existing plan, a Licensed Forester must submit a statement that the land is being managed according to the previous owner's plan. You cannot harvest timber on the property until you have reapplied. If you withdraw the land from Tree Growth, you will be subject to financial penalty. Withdrawal penalties can be substantial.

What Does "Commercial Harvesting" Mean?

Harvesting trees commercially means the harvesting of forest products that have commercial value, such as logs, veneer, bolt wood, poles, pulpwood, wood chips, pilings, biomass, fuelwood, Christmas trees, maple syrup, nursery products, wreaths, tips, cones, or other seed products.

Do I Have To Harvest Wood?

The landowner must comply with the Forest Management and Harvest Plan. If the plan recommends harvesting as part of the management strategy, then harvesting is necessary. If harvesting is not recommended for the time covered, then harvesting is not necessary. There are no requirements to harvest a certain percentage of the lot annually or to harvest a minimum volume.

Are There Any Special Requirements When I Do Harvest?

As with any timber harvest, you must file a Forest Operations Notification with the Maine Forest Service prior to starting the harvest. If your land is enrolled in Tree Growth, indicate on the notification that the land is enrolled and that the planned harvest complies with the Forest Management and Harvest Plan. If you do not do so, the Assessor may remove your property from Tree Growth and impose a financial penalty. If you indicate that the timber harvest will result in a change of land use, then the Maine Forest Service will notify the Assessor(s) that the land (or a portion thereof) may no longer meet the requirements of Tree Growth; the Assessor may remove the property from Tree Growth and impose a financial penalty.

What if I Change My Mind?

If you want to withdraw property from Tree Growth, you must notify the Town or State Tax Assessor(s). You need not remove an entire parcel from the program as long as at least 10 acres remain in Tree Growth. A penalty is levied on the acres removed from the program. This penalty is based on the greater of: (1) the fair market value tax for the 5 years

preceding withdrawal less all taxes paid over the preceding 5 years, plus interest; or (2) a percentage of the difference between the fair market value of the property and the Tree Growth valuation. The longer property has been enrolled, the lower the percentage.

Summary

1. Enrollment in the Tree Growth Tax program may reduce the property tax burden on forestland managed mainly for commercial forest products.
2. All land enrolled in Tree Growth must have a management plan.
3. New applications must be filed by April 1st of the year in which classification is being requested.
4. Every 10 years by April 1st (1) an application for reclassification must be submitted with (2) a certification from a Licensed Forester that you are complying with the management plan.

On-line Tree Growth Tax Law resources:

36 MRSA § 571 to 584-A (the law, click on the text beside "next:" to advance to the next section):
<http://janus.state.me.us/legis/statutes/36/title36sec571.html>

Bulletin No. 19 (explanation of the law):
www.maine.gov/revenue/forms/property/pubs/bull19.pdf

Schedule for classification (application):
www.maine.gov/doc/mfs/pubs/pdf/treegrowthapp.pdf

For more information contact:

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And/Or contact:

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