

**Maine Climate Council
 Natural and Working Lands Work Group Meeting
 Forest Carbon Subgroup Meeting #2 Agenda
 Monday, January 22, 2024; 1:00 – 4:00 pm
 Deering Building, Room 101, Blossom Lane, Augusta**

For Zoom attendees, register in advance here:

<https://us02web.zoom.us/join/zoom/register/tZEuf-yppjgpEtFtgB7XHvfwrOpZM0op1SuQ>

Desired Outcomes - By the end of this meeting, we will have:

- Brainstormed strategies for key Forest Carbon Task Force recommendations
- Discussed concrete updates to the Open Space Tax Program
- Provided an opportunity for public input

Agenda

What	When
Welcome Brief Introductions Agenda Review and Recap of Where We Left Off re: Priority Recommendations	9:00 – 9:30
Deeper Dive into Priority Recommendations – how can they be made: <ul style="list-style-type: none"> • <i>More Specific</i> • <i>More Actionable</i> • <i>More Measurable</i> • <i>More Equitable</i> Priority Recommendations: <ul style="list-style-type: none"> • Review current harvest levels and carbon stocking data – Ivan, Adam • Review practice-based carbon programs in the U.S. - Andy • Increase technical assistance to woodland owners to expand adoption of practices that increase carbon sequestration and storage (8 action items; 3 anticipated outcomes) • “Facilitate the development &/or adoption of a program to enable small woodland owners to store more carbon while maintaining harvest levels” – Andy, Jo D. • Identify incentives for high-quality, on-the-ground performance by loggers and promote the use of low-impact harvesting equipment (5 actions) - Dana 	9:30 – 11:35 with break in middle

<ul style="list-style-type: none"> • Update the Open Space Current Use Taxation program to incentivize climate-friendly land management practices – Tom, Mark, Chris, Mort, Patrick, Alec, Tom, Dana • Explore opportunities for partnerships with large, commercial forestland owners – Alec, Patrick, Jo D. • Consider opportunities to participate in multi-state forest carbon initiatives 	
Public Input	11:35 – 11:45
Work Between Meetings – What Can Get Done Before March 6?	11:45 – 11:55
Future Meetings <ul style="list-style-type: none"> • March 6 and March 29 – both 9:00-12:00 back at Bolton Hill Closing Thoughts	11:55 – 12:00

Note: Agenda item times are subject to change based on the progress of the subgroup

Maine Climate Council Natural and Working Lands Work Group
Forest Carbon Subgroup

- Jo D. Saffair Facilitator

- Tom Abello, Governor's Office
- Amanda Beal, DACF
- Mark Berry, The Nature Conservancy
- Barrie Brusila, Mid-Maine Forestry
- Kyle Burdick, Baskahegan Company
- Adam Daigneault, UMaine
- Tom Doak, Maine Woodland Owners
- Dana Doran, Professional Logging Contractors of the Northeast
- Ivan Fernandez, UMaine Climate Change Institute
- Chris Fife, Weyerhaeuser
- Alec Giffen, New England Forestry Foundation
- Stacy Knapp, Maine DEP
- Morten Moesswilde, DACF Maine Forest Service
- Rep. Maggie O'Neil
- Bill Patterson, DACF Bureau of Parks and Lands
- Ryan Robicheau, DIFW
- Patrick Strauch, Maine Forest Products Council
- Steve Tatko, Appalachian Mountain Club
- Karin Tilberg, Forest Society of Maine
- Andy Whitman, DACF Maine Forest Service
- Ted Wright, Trust to Conserve Northeast Forestlands

= NWL WG Member

Maine Climate Council Natural and Working Lands Work Group

Working Agreements

- Meetings will start and end on time.
- When meetings are held in person, Committee members will make every effort to attend in person to maximize learning, communication, and collaboration.
- Cameras will remain on during virtual meetings to facilitate communication and understanding.
- Meeting materials will be shared in advance of meetings with sufficient time for review.
- Come prepared, having read meeting materials and completed assignments.
- Be present and engaged.
- Strive for equal airtime, enabling all to participate fully.
- Listen with curiosity and an openness to learning and understanding.
- Adopt a creative problem-solving orientation.
- Name the tension, kindly.
- Humor is welcome!

The Natural and Working Lands Work Group will strive for consensus in its recommendations through a facilitated, discussion-based process, and will not hold votes on specific decisions. The Work Group may choose to include a significant minority opinion as part of its final recommendations.

Maine Climate Council
Natural and Working Lands Work Group Meeting
Forest Carbon Subgroup Meeting Notes
Friday, December 15, 2023; 9:00 am – 12:00 pm
DACF's Bolton Hill Facility, 2870 North Belfast Ave., Augusta

At this meeting, the Subgroup:

- Reviewed the history of forest carbon recommendation development
- Discussed progress made and/or existing barriers for each recommendation
- Chosen a few key recommendations to focus on during the update process
- Agreed on an approach to proposing concrete updates to the Open Space Tax Program
- Provided an opportunity for public input

The following numbers correspond to the recommendations in the Maine Forest Carbon Task Force (FCTF) final report.

#1. Review Current Harvest Levels. **Ivan Fernandez, Adam Daigneault, and Jereme Frank** agreed to update figures to reflect new FIA data, and provide estimates based on various acreage categories (including <10,000-acre ownerships).

#2. Review Practice-Based Forest Carbon Programs. The Subgroup delegated this to **Andy Whitman** for ongoing tracking to serve as an up-to-date clearinghouse for landowners. Won't be possible to summarize fully in 4 months, but may be possible to identify key variables/risks/failure points and develop a brief summary of these issues in the next month or two.

#3. Identify Climate-Friendly Forest Management Practices. The Subgroup viewed this work as largely complete. More recent learnings focus on the distinctions in stocking between northern and southern Maine and how that influences which forest management practices are most beneficial in each region. In both regions, of greatest importance is avoiding forest conversion.

#4a. Increase Technical Assistance to Landowners. The Subgroup would like to focus on this more, exploring ways to further capitalize on MFS's increasing staff capacity (while recognizing 2 field forester positions are still vacant). Areas of discussion included increasing alignment with NRCS and collaboration with SWCDs, outreach to agricultural producers, outreach to new forestland owners unfamiliar with forest management, and possibly identifying entities that could partner with MFS to increase landowner outreach.

#4b. Develop and/or Offer Financial Incentives to Landowners. The Subgroup acknowledged that this recommendation hinged on an understanding of forest carbon programs currently available to landowners, and that the field of options has evolved since the FCTF report was issued. It will be necessary to have further information on existing options in order to assess the value of Maine partnering with an entity to develop a program tailored to Maine landowners. Until then, **Andy Whitman** should develop this understanding and serve as the clearinghouse for

landowners. The Subgroup will continue discussing equity considerations related to this recommendation: e.g. how can we begin engaging those not yet engaged? It will also continue to explore opportunities that may be associated with NEFF's Climate-Smart Commodities grant work, and Forest Carbon for Commercial Landowners (FCCL) Phase 2, should that work move forward.

#5. Identify Incentives for Loggers. Progress on MFS staffing and federal funding for portable bridges was noted. **Dana Doran** will develop a bulleted list of ideas for making progress on promoting use of third-party certified harvesting companies, increasing the impact of the Direct Link loan fund, and providing landowner cost-share resources for Subgroup discussion. The Dirigo Loan Program was suggested during public comment as a potential new funding avenue.

#6. Update the Open Space Current Use Taxation Program. The Subgroup tasked an existing team of individuals to continue to develop proposed changes to the OS program that could be broadly supported and that align with the Forest Carbon Task Force's original recommendations. Those on the Subgroup that will participate include: **Kaitlyn Nuzzo, Tom Doak, Tom Abello, Mark Berry, Mort Moesswilde, Alec Giffen, Chris Fife, Pat Strauch, and Dana Doran.** Those also participating but not on the Subgroup include: Emily Horton, Jeff Romano, and Sally Stockwell. **Kaitlyn** will coordinate this work and share a brief summary of progress by 1/12/24 for inclusion in the next Subgroup meeting packet.

#7. Explore Opportunities for Partnerships with Commercial Forestland Owners. As noted in 4b above, the Subgroup will continue to discuss potential opportunities that FCCL Phase II, NEFF's Climate-Smart Commodities Project, and other efforts may present.

#8. Participate in Multi-State Forest Carbon Initiatives. **Jo D. Saffeir** will share the outcomes of the Northeast Net Zero Carbon Collaborative work that Maine, Vermont, and Massachusetts have engaged in over the past two years. Consulting firm Scale LLC will complete its work in early 2024.

#9. Recommend a Numeric Goal for Increased Carbon Sequestration in Maine. The Subgroup agreed that even with updated FIA data, the estimate of current sequestration of 12 MtCo2e/yr by Maine's forest sector should not be increased for a range of reasons highlighted in the FCTF report.

The next meeting will take place on Monday, **January 22nd from 1-4 pm at Deering Building, Room 101.** The other two meetings are:

Wednesday, March 6, 9am - 12pm, Bolton Hill

<https://us02web.zoom.us/meeting/register/tZMsdeGuqzIsHNGnRO5hLz59B78uMCQ5mjv1>

Friday, March 29, 9am – 12pm, Bolton Hill

<https://us02web.zoom.us/meeting/register/tZlPdO2hrTsoHtfSOGPFazxnm0CgTZWWyV31>

Forest Carbon Task Force Recommendations Summary

- 1. Review current harvest levels and carbon stocking data on woodland owners of 10 to 10,000 acres.** Small woodland owners make up a sizeable amount of Maine's forest area, stored carbon, and harvest base. The analysis highlighted how different combinations of stand classifications have varying levels of biomass (and carbon) stock and density as well as their relative contribution to the total annual removals across this specific landowner size. Data collected support conducting further analysis to estimate how improving forest stewardship for this ownership size class could influence the State's forest carbon sequestration.
- 2. Review available data for practice-based carbon programs throughout the United States.** The Task Force analyzed AFF and TNC's Family Forest Carbon Program; FiniteCarbon's Core Carbon Program; SilviaTerra's Natural Capital Exchange; Vermont's Cold Hollow Carbon; Land Trust Alliance's Forest Carbon Offset Pilot Program; Maine's Forest Carbon for Commercial Landowners Project; Maine Mountain Collaborative's Exemplary Forestry Investment Fund; Northeast Wilderness Trust's Wild Carbon Program; Georgia's Sustainable Development Carbon Registry; and Nova Scotia's Forest Sustainability regulations. This contributed to report recommendations regarding a priority suite of climate-friendly forest management practices that could be adopted, and technical assistance and financial incentives that could be implemented, to maximize carbon sequestration and storage on Maine woodlands.
- 3. Identify a suite of climate-friendly forest management practices that improve carbon stocks and maintain current timber harvest levels.** After reviewing the voluntary forest carbon programs throughout the U.S. noted above, the Task Force identified over a dozen forest practices that have the greatest potential to achieve carbon benefits, while noting that significantly more research is needed to understand the relative benefits associated with each practice as well as implementation costs. The Task Force recommended that a Maine forest carbon program should focus on incentivizing a suite of forest practices among those identified, all of which fall under five general categories: Avoid forest conversion; Enhance forest resiliency; Conduct intermediate treatments; Practice sustainable harvesting; and Establish forest reserves.
- 4. Identify a suite of financial incentives and technical assistance activities to increase carbon sequestration on woodland owners of 10 to 10,000 acres, and carbon sinking in wood products, through active forest management.**
 - Significantly increase technical assistance to woodland owners to reduce threats of conversion, and to rapidly expand the number of landowners adopting practices that increase carbon sequestration and storage
 - Increase capacity within the Maine Forest Service by hiring a Forest Carbon Specialist (Senior Planner).
 - Increase District Forester capacity within the Maine Forest Service by 5 foresters.
 - Provide adequate funding for MFS to market the benefits of implementing climate-beneficial forest stewardship practices, participating in carbon markets, and engaging qualified natural resource professionals.

- Increase alignment with NRCS to implement forest carbon practice incentives.
 - Increase allotted amounts for the MFS WoodsWise program by \$50,000 to \$100,000 per year.
 - As part of the duties of the new MFS Marketing and Utilization Forester, support the creation of improved markets for low-grade wood through public and private business efforts.
 - Outreach and technical assistance for small woodlot owners should include Maine’s agricultural producers.
 - Maine DACF’s Bureau of Agriculture, Food and Rural Resources should develop and promote resources to encourage farmers and woodland owners interested in agricultural production to consider agroforestry opportunities as an alternative to converting forested land to pasture or cropland.
- Offer financial incentives to engaged landowners to implement carbon-enhancing forest management practices, including long-term agreements that can encourage practices that continue over time. With the rapidly evolving landscape of voluntary forest carbon program development in the U.S., this environment suggests that the State of Maine may be well served by working in partnership with one or more external entities to develop a voluntary credit-based and/or practice-oriented carbon program, tailored specifically to Maine’s unique landowner demographics and land ownership patterns. The Task Force recommends that MFS:
 - Facilitate the development and/or adoption of a program to enable small woodland owners to store more carbon on their forestlands while maintaining or increasing harvest levels, and invite parties interested in partnering with the State on such an effort to make themselves known
 - Create an advisory committee to interview external entities expressing an interest to solicit their feedback on:
 - What the State role should be to increase landowner participation, and increase the value of any “offsets” created
 - Alternatives for funding such a program
 - How such a program would be made available to landowners, including the program’s structure and format
 - How carbon storage could be increased while maintaining harvest levels
 - How forest carbon measuring and monitoring would be conducted
 - How harvest levels could be maintained system-wide (not necessarily parcel by parcel)
 - How a program could be implemented to maximize its impact, including bridging between the current generation of older landowners and the younger generation who will be inheriting the land
 - Convene structured discussions with potential partners to explore ideas for how such a program might be designed
 - Select a partner (or partners) to work with in designing and establishing a program (or programs)

5. Identify incentives for high-quality, on-the-ground performance by loggers and promote the use of low-impact harvesting equipment. These actions were identified to directly support logging contractors' ability to contribute to carbon benefits that will have positive outcomes for landowners.

- The proposed MFS Forest Carbon Specialist (Senior Planner) is envisioned as including loggers among its target stakeholders for technical assistance and training on climate-friendly management and harvesting practices.
- Support higher level on-the-ground performance to encourage climate-friendly timber harvesting with verifiable outcomes by promoting voluntary use of third-party certified harvesting companies.
- Provide financial cost-share resources for harvesting companies to become third-party certified in a similar manner as cost-share resources are provided by the State to landowners who create a forest management plan (i.e. the MFS WoodsWise program).
- Increase funding for the Direct Link (Clean Water State Revolving Fund) program and reassess the elements of the program so as to provide greater availability of reduced interest loans for equipment that will minimize soil compaction and disturbance of forest soils.
- Provide cost-share resources for landowners and contractors to purchase and implement carbon-enhancing best management forest practices (e.g., portable bridges, culvert pipes, grass seed, hay, skid trail regrading, road relocation, post-harvest stabilization, corduroy, gravel, silt fencing).

6. Recommend updates to the Open Space Current Use Taxation program including in a manner that incentivizes climate-friendly land management practices. Further dialogue with municipalities and other interests will be required to finalize a legislative approach. Initial priority concepts identified were that the Open Space Program:

- should be streamlined, with an added emphasis on climate benefit.
- should contribute to maintaining forestland and reducing forestland loss in the state. It is an important but underutilized option among Maine's current use tax programs.
- should be made more efficient to increase value to the public, attract more landowner participation, and be easier to administer by municipalities, with reduced financial burden.
- should accommodate a wide range of potential land management practices, from intensive silviculture and production of forest products to development of old forest and maximizing carbon storage.
- should not create a fiscal burden for municipal budgets and will require state reimbursement

7. Explore opportunities for partnerships with large, commercial forestland owners. The report acknowledged other efforts underway at that time such as the Maine Climate Table, Forest Carbon for Commercial Landowners (FCCL), and others, and recommended monitoring these efforts focused on a larger landowner size class but with comparable objective of increasing

carbon sequestration and storage while maintaining harvest levels. Research outcomes could potentially inform the design of a forest carbon program for family woodland owners.

8. Consider opportunities for Maine to participate in multi-state forest carbon initiatives.

Continue discussions underway between Maine, Vermont and Massachusetts to identify opportunities and issues related to the initiation of a regional collaboration to increase investment in forest carbon sequestration and storage. Discussions have focused on financing mechanisms that could support forest conservation and management at scales aligned with each state's greenhouse gas mitigation targets, and the infrastructure that would be necessary to support a regional carbon market, including offset protocols, a registry, and accounting frameworks. The Task Force supports the continuation of these discussions that could advance a regional initiative that is complementary to or ultimately replaces individual state-based programs, assuming it proves the most efficient way of enabling Maine's forests to help achieve the state's greenhouse gas reduction goals.

9. Recommend a numeric goal or targets for increased carbon sequestration in Maine over time.

Maine's forests have sequestered an average of 9 million metric tons of carbon dioxide equivalent per year (MtCO₂e/yr) over the past decade. An additional 3 MtCO₂e/yr has been sequestered on average in harvested wood products manufactured in the state. Combined, Maine's forest sector has been sequestering an average of 12 MtCO₂e/yr, equivalent to removing about 65% of the state's reported gross GHG emissions over the past decade. The state's forest carbon sequestration values have been historically high over the past decade as well, averaging nearly double the amount of sequestration in the 1990s. There is no guarantee that the current levels will hold indefinitely into the future. Continuing to sequester carbon at similar levels is an ambitious goal that will play a significant part in helping Maine achieve its 2045 net-zero GHG emissions target, especially as the state continues to reduce its gross GHG emissions to 80% below 1990 levels by 2050.

A Short Summary of Programs that Incentivize Forest Carbon Storage and Sequestration in the Northeast (January 12, 2024)¹

Prepared by Andrew Whitman, Maine Forest Service

This document is a short summary of private and state programs specifically aimed at increasing forest carbon on forests owned by family woodland owner (10 to 10,000 acres). It described three existing private forest carbon offset programs aimed at family woodland owners, two of which are active in Maine. An informal survey of northeastern state forestry agency staff indicated that no state currently offers landowner incentives for forest carbon practices.

1. Existing private forest carbon programs for family woodland owners

- There are many options for private landowners to enroll in forest carbon offset programs in Maine.
- Most programs are financially out of reach for most landowners with less than 5,000 acres because program expenses for verification and monitoring.
- **Three private forest carbon program** have been developed for family woodland owners in eastern U.S. with acreage less than 10,000 acres: (1) Family Forest Carbon Program ([FFCP](#)), (2) Forest Carbon Works ([FCW](#)), and (3) Core Carbon Program ([CCP](#)) (Table 1)². To be credible, these **three programs** are enrolled in offset registries which set offset program standards, but they use structured criteria to reduce costs and simplify the land enrollment process.
- **Family Forest Carbon Program** is managed by the American Forest Foundation and co-sponsored by The Nature Conservancy (both are non-profits). They have staff in the northeast. It has recently been offered in Maine but is limited to forests in the FIA maple-beech forest type. It relies on FIA data and site visits to verify and monitor forest carbon.
- **Forest Carbon Works** is a public benefits corporation with staff in Vermont and other regions. It relies on software and on the ground foresters for verification and monitoring of forest carbon. It is reaching out to landowners in Maine and has enrolled over 5,000 acres. They enroll all forest types.
- **Core Carbon Program** is offered by the company Finite Carbon. It relies on FIA data and satellite imagery to verify and monitoring forest carbon. The program is currently only open to landowners in the southeastern United States.

2. State Programs in the northeast offering Forest Carbon Incentives

- No state currently offers landowner incentives for forest carbon practices.
- The complexity of creating and managing landowner forest carbon incentive programs is a large barrier.
- All states are continuing to promote their forest stewardship and related programs to increase forest resilience and mitigation potential of family woodlands.

¹ Compiled by Maine Forest Service, January 2024.

² The original table from the *Securing Northeast Forest Carbon Program* is available for distribution and can be found online at https://www.northeastforestcarbon.org/wp-content/uploads/2023/12/ForestCarbonMarkets.table_smallonly.12.8.23.pdf.

Table 1. Forest Carbon Developers and Programs for Small Forest Owners Operating in the eastern United States (slightly modified table from the [Securing Northeastern Forest Carbon Program](#) in the process of being updated).

Developer/ Program	Registry Standard	Term Length (years)	Minimum Parcel Size	Approximate revenue (\$)/acre	Costs to landowner	What practices are allowed?	Enrollment of all acres required?	Project stays with the land?	Penalties for reversal?	Who buys credits?
Family Forest Carbon Program	VCS	20-year minimum	30-2,400 acres	\$20-30 /ac for the entire term	No out of pocket	Increase time between harvest, promote regen, retain more carbon in thinning, reserve	Not Required	Yes	Yes	Buyers screened by the program, does not allow resale of credits
Finite Carbon – Core Carbon Program	ACR	40 years	40-5,000 acres	New program - projected \$20+/ac per year	No out of pocket	None – must defer harvest (some exceptions)	Not Required	Yes	Yes	anyone
Forest Carbon Works	Verra	25+ years	40+ acres	\$10-30/ac per year	Small member-ship application fee (\$75)	Various – must show additional carbon (cut less than growth)	Must	Yes	Yes	anyone

PLC Update on Goal Five of the 2021 Forest Carbon Taskforce Report

Prepared by Dana Doran, Professional Logging Contractors of the Northeast

Goal five of the final report identified incentives for high-quality, on-the-ground performance by loggers and the promotion of low-impact harvesting equipment. The Task Force unanimously recommended various actions that are intended to directly support logging contractors' ability to contribute to carbon benefits that will have positive outcomes for landowners. These include:

A) Support higher level on-the-ground performance to encourage climate-friendly timber harvesting with verifiable outcomes by promoting voluntary use of thirdparty certified harvesting companies. Third-party certification provides verification that high standards are being met at the point of harvest, by utilizing independent licensed consulting foresters as verifiers, ultimately providing a verification model for landowners that participate in a carbon program and utilize the services of timber harvesting companies.

B) Provide financial cost-share resources for harvesting companies to become thirdparty certified in a similar manner as cost-share resources are provided by the State to landowners who create a forest management plan (i.e. the MFS WoodsWise program).

C) Provide cost-share resources for contractors to purchase and implement carbonenhancing best management practices (e.g., portable bridges, culvert pipes, grass seed, hay, skid trail regrading, road relocation, post-harvest stabilization, corduroy, gravel, silt fencing).

Update on Implementation

A & B

To date, the Northeast Master Logger Certification Program (NEMLC) is the only third party certification program for timber harvesting companies. NEMLC was created in 2000 by the PLC as the world's first and only point-of-harvest certification program, offering third party independent certification of logging companies' harvesting practices. NEMLC was recognized with the world's first SmartLogging Certificate in 2005. The SmartLogging certificate is a third-party, performance-based audit and certification program of timber harvesting practices. It represents an independent, and global recognition of the integrity of the NEMLC Standard. SmartLogging surveillance audits occur every year and full audits on a five-year basis by the global certifying body NEPCon.

NEMLC is open and accessible to any timber harvesting contractor in the state of Maine. It is not an exclusive program and provides performance measurement and field auditing to timber harvesting businesses that have traditionally been excluded from recognition.

In February 2022, PLC and the Trust to Conserve Northeast Forestlands (TCNEF) attempted to work with the Maine Forest Service and FOR Maine to fund a cost share opportunity for Maine contractors to pursue NEMLC through a US Dept. of Commerce "Build Back Better" (BBB) grant application. This attempt was rejected by state-based organizations and was not included in the BBB grant application, which was ultimately rejected by the US Dept. of Commerce. To date, there has been no interest or motivation at the state level of moving this forward, except by PLC and TCNEF. In May 2022, PLC and TCNEF partnered with the New England Forest Foundation (NEFF) on a USDA Climate Smart Commodities grant application to pursue the same cost share opportunity along with funding for training on climate smart activities for contractors and their employees. The NEFF grant was funded by USDA in late 2022/2023 and cost share and training funds are now available for contractors throughout

New England to pursue MLC through 2027. This program is not limited to Maine and is open to contractors outside of the state.

C) Practices and Equipment

Best management practices (BMP) that enhance carbon can be performed and/or enhanced with low impact equipment, as well as the installation of bridges for streams, building proper drainage at a landing, water bars etc. (aka structural BMP's)

Investment in Structural BMP's will ensure that contractors minimize compaction and disturbance of forest soils with proper equipment and harvesting techniques. It will provide funding to employ proper water body crossing devices, both from an equipment perspective, but also incentives for installation. With proper equipment choices and sedimentation control devices for contractors, it can ensure proper harvesting techniques are employed, which will minimize impacts to soil, roots, boles, and crowns of residual trees. These tactics are costly, but they will highly influence the thousands of decisions that a logger makes for the greater good if there are financial resources to assist.

1) USDA provided \$130,000 to the Maine Forest Service for a skidder bridge cost share program in 2023. The program was offered to contractors, with limits on employee size, in December 2023 and is ongoing.

2) PLC and other stakeholders met with Governor Janet Mills in early April 2023 and requested changes to the Direct Link Loan Program, which would encourage greater utilization with increased benefits. The Direct Link Loan program was created in 2007 and uses US EPA Clean Water Revolving Loan program funds to provide an opportunity for contractors to purchase low ground pressure harvesting equipment at a discounted interest rate. The program is administered by Maine DEP, Maine Bond Bank and the Maine Forest Service. PLC is recommending changes to the program which would include lowering the interest rate on loans permanently to 2% or lower, similar to other existing state agricultural equipment loan programs, increasing the total amount financed per loan to \$1 million from \$800,000, and allowing companies that are Maine based to purchase equipment with the program and use the equipment in other states.

Discussions on program changes are ongoing between stakeholders.

3) Harvesting Adaptation and Resilience Program As a result of the severe rain events and prolonged periods of saturated soils in Maine during 2023, the unprecedented warm winter of 2022, 2023 and 2024, and an ever-changing climate, the cost of water quality protection is rapidly increasing for forest operations. Logging contractors are expected to absorb these costs for preharvest preparation that will protect soils and infrastructure and reduce and/or eliminate sedimentation and phosphorous runoff, during and after harvests. They need financial assistance to ensure the most durable practices are consistently implemented at the beginning of any harvest.

A decades old program that is operating successfully in the Northeast, which could act as a model for implementation, is the New York Watershed Agricultural Council (WAC)'s forest management implementation program. WAC incentivizes logging contractors to implement best management practices to enhance water quality protection measures during forest operations in the Catskill Mountains. Maine should establish and fund a similar program that provides payments to logging contractors for specific materials and practices that can be utilized for forest road construction, land preparation, culverts and sediment control in advance of harvest implementation. Examples include

erosion control measures on skid trails (mulch, seed, waterbars, straw wattles); right sized culverts, geotextile fabric, and gravel or stone on access roads and landings; and bridges for temporary stream crossing structures during logging. This program, if created in Maine, would ensure logging contractors can continue to affordably implement water quality protection measures and enhance ecosystem protection, while reducing phosphorus runoff and erosion.

This idea was also promoted by PLC in the BBB grant application formulation and was rejected by the other involved parties. The aforementioned USDA/NEFF Climate Smart Commodities program does have funding for this purpose included at a pilot scale. Programming of US EPA Clean Water funding as a permanent solution for this purpose should also be considered.

Dirigo Tax Credit (replacement for Pine Tree Zone Credit)

The Dirigo Tax Credit program was just authorized in the 2023 Maine legislative session to replace the Pine Tree Zone Program. Under the new program, which takes effect in 2025, businesses that pay to train three or more workers in an approved employee training program – such as an internship or community college training – could receive a \$2,000 tax credit per worker trained. Furthermore, businesses across most of Maine could receive up to a 10 percent credit for a capital investment, or a 5 percent credit for York, Cumberland, and Sagadahoc counties. These credits are specifically targeted towards high-value sectors and industries – including manufacturing, agriculture, fishing, logging/forestry, freight, software, and certain professional services like scientific research – to attract and expand high growth sectors for Maine. Rulemaking is underway and it is unknown if equipment, which is exempt from sales tax, would qualify as “capital equipment”.

**Open Space Current Use Taxation Law
Discussion Update**

Prepared by Kaitlyn Nuzzo, The Nature Conservancy
January 12, 2024

Since the last Climate Council NWL Forest Carbon Subcommittee meeting (12/15) the loosely coordinated group of interested parties around the Open Space Tax law bill met two times: 1/4 and 1/11. We have another meeting scheduled on 1/19. We have heard that the work session for this bill will most likely be on 1/23 in the Taxation Committee. The Committee Chair has been briefed that interested parties are talking and we could give an update but may not have a final path forward by 1/23.

Key areas / updates:

- State Agency Role – great progress was made during the 1/4 meeting, DACF and DIFW agreed to put their heads together to try to draft something that is tenable for them given their existing staff capacity. Moving in the direction of outlining some practices that would qualify landowners for the “wildlife habitat management plan” and “carbon conservation management plan” reductions. Many different “lists” out there of practices that could be included or used as a starting point.
- Valuation Method – ongoing discussions about existing method and the proposed method in LD 1648. Some are neutral on the method, original group who drafted the bill supports the proposed method in LD 1648 to make Open Space (OS) easier to compare to Tree Growth (TG).
- Reduction Percentages / Match or Differential from TG – existing bill allows OS landowners who take the maximum reductions (public benefits) to match the base TG levels. Some work to do to pencil out what this actually looks like and if there are cases where the OS reductions might actually end up *better* than TG rates. Ongoing discussion about what differential might be appropriate to make Open Space a better deal than it is currently and recognize the public values of OS and the deductions available (public access, perm protection, wildlife/carbon management) while not matching or offering better tax benefits than TG. A subgroup is planning to do some spreadsheet / math to discuss changes to make the overall tax benefits of OS closer to the overall tax benefits to TG without matching or going over.
- Removing the open space cap – lots of concerns about this from the forest industry folks. No final decision has been made.

From the Innovative Natural Resource Solutions LLC (INRS) January 2024 Newsletter

NH Legislature Dealing with Forest Carbon Bills

We don't often talk about specific proposed state legislation in this newsletter but what is going on in the NH Legislature regarding forest carbon is worth mentioning. In October of 2022, Bluesource - now [Aurora Sustainable Lands](#) - merged with and acquired all the assets of the former The Forestland Group that owned over 1.6 million acres of forestland throughout the U.S. As part of that new ownership and its forest carbon focus, Aurora owns the northern New Hampshire Connecticut Lakes Headwaters 146,400 acres and has decided to reduce timber harvesting by over 60% compared to recent years harvesting by the former Forestland Group in order to sell more carbon (the former owner signed a carbon offset project contract in 2013 but didn't reduce traditional timber harvests after that although it also sold carbon).

This property is covered by a Forest Legacy conservation easement that the State of NH invested over \$12 million in the \$45 million land protection project in 2003. The focus of the lands now owned by Aurora was to supply a continuous stream of timber to the forest products industry forever as the easement is perpetual. All this is to be done under sustainable forest management practices overseen by the State of NH.

Northern NH legislators are up in arms about this change that is severely affecting local forest products manufacturers and they have filed three bills to address the changes and perceived attack on the forest products sector:

- HB 1697 - would create a 2-year moratorium preventing all NH forest owners from entering into forest carbon offset sales on their land;
- HB 1709 - would amend the timber tax law to tax proceeds from carbon sales; and
- HB 1484 - would not allow forestland with forest carbon offset sale contracts to be in the state's current use program.

Debate has just begun on these bills but the first hearing held on January 9 was a treasure trove of misinformation and disinformation and demonstrated just a plain lack of understanding of these issues.

All NH legislation can be found [HERE](#).