



**State Representative
John Patterson**

House Bill 109
Sponsor Testimony
House Ways and Means Committee
January 28, 2020

Chairman Merrin, Vice-Chair LaRe, Ranking Member Rogers, and distinguished members of the House Ways and Means Committee, thank you for the opportunity to offer sponsor testimony on House Bill 109. This legislation would create a property tax exemption for maple forest landowners that meet the following criteria:

- the land must be managed according to the same standards of maintenance and protection that forest land that qualifies for the Ohio Forest Tax Law program is required to adhere to;
- the land owner must drill at least an average of 30 taps to harvest sap in at least 15 maple trees per acre per year;
- the harvested sap must be used in commercially sold maple products;
- the land must meet an income-per-acre threshold.

For a landowner to obtain this exemption, they would need to submit an application to the Ohio Department of Natural Resources' Division of Forestry in August or September, giving the Department until the end of the year to approve or deny the application. Approved applications would then be supplied to the appropriate county auditor before the end of that calendar year.

There are provisions contained within the bill for the loss of the exemption – whether through the land-owner’s voluntary decision to withdraw or if the land owner is found to no longer qualify for the program.

It is important to us to make sure that land owners that have previously qualified for the program to be “held harmless” in the event that a circumstance outside their control (ie, natural disaster, etc.) makes them unable to qualify for the maple forest land tax exemption. This provision of the legislation would cause the exemption to continue for the duration of the tax year, but be discontinued beginning with the new tax year. This is a five-year pilot program to be renewed at the discretion of the General Assembly, including a report and recommendation from the ODNR Forestry Chief on the program’s continuation.

Our legislation would provide reimbursement to local taxing units for revenue forgone by tax exempt maple forest land within that taxing territory up to a cap of \$3 million per year. This reimbursement procedure would be similar to current homestead exemption reimbursements to local taxing units. In the event that the \$3 million cap is met, the Chief of the Division of Forestry must cease approving new applications for the maple forest land exemption until reimbursements fall below the \$3 million limit in a later tax year.

We believe our modest proposal will greatly assist Ohio’s maple producers that are furthering a craft of significant importance to Ohio’s heritage. At this point, it is imperative that you are made aware of the back story and the greater benefits of our bill.

As you may recall, runaway CAUV challenges negatively impacted our corner of Ohio as well as other areas of the state. A good number of our constituents, unable to pay higher property taxes resorted to desperate means to deal with the crisis—clear cutting their timber was an option that could generate short-term cash to pay for unexpectedly high CAUV rates; and the loggers obliged, given our appetite for wooden furniture (the world’s largest wooden furniture manufacturers are located in Holmes County), building materials, and at the least, wooden pallets. Our

constituents paid their taxes by clear cutting in the short-term, but by so doing, not only scarred the land, but left their property without a source of revenue for decades—unless it was totally cleared for agricultural purposes. But this, too, was expensive and beyond the reach of many.

So many of our woodland plots resembled war zones as the trees were removed and the remnants were left about. But there was more.... Ohio is under attack by invasive species. Glossy buckthorn, Japanese honeysuckle, and phragmites are but a few that have become a problem—and are opportunists—taking hold in places that have recently “opened up” like those areas which have been timbered. A quick walk through and around any area that has been clear cut will most likely reveal the presence of these pesky invasive species.

But why should we care about managing invasive species? Because Ohio’s \$26 billion forest industry represents a major economic driver in many areas of the state. Yes, at last report Ohio’s woodlands resulted in \$26 billion dollars of revenue—and this industry could very well be threatened, in the long run, with the arrival and growth of invasive species.

So where do maple trees, the forest industry, invasive species, and high CAUV rates intersect? I’ve been told by my maple producers that the best way to save a maple is to tap it—maple production offers a steady stream of income if it finds its way to the market. We think first of maple syrup, and well we should, but what is now being produced is not your father’s brand of syrup. One of my former students, for example, ages maple syrup in bourbon barrels he retrieves from Kentucky. (He also produces a fine rum flavored syrup too). Nate purchased an idled factory—a brownfield--and has expanded his reach—so much so that he possesses, we believe, the only automated maple syrup bottling line in Ohio. He can barely keep up with the demand for his product and has thus been forced to purchase raw sap from beyond our state boundaries.

Quite simply, maple production results in steady income for the landowner. But this is where all the factors intercede. HB 109 would offer an incentive of zero

property taxes to those who make at least 30 taps per acre on a minimum of 15 trees—this gets more raw material into production and results in increased economic activity. Second, contingent upon receiving this tax break, land owners would practice enhanced forestry practices by participating in Ohio’s forest management plan. This would force the landowner to deal directly with invasive species while, attractively, being able to selectively cut trees for additional revenue. The end result? Steady income with maple production and additional income with selective harvests all in return for invasive species management incentivized by zero property taxes.

Local governments and school districts would be held harmless as “lost” revenue would be replenished through the general revenue fund up to \$3 million dollars. No more land would be accepted for this incentive once the \$3 million is committed for use. This is an experiment, to be sure, way out of the traditional box, but one worth pursuing, we would argue.

But there is more here. By better forestry management--as compared to clear cutting--we would be helping to protect our \$26 billion dollar industry, promote additional carbon sequestration to deliver cleaner air for all, enhance water quality by natural filtration (which helps to combat phosphorus runoff and algal blooms), and provide additional habitat for wildlife—wildlife like deer and turkey that stimulate yet another industry in Ohio and provide jobs and recreation for those so inclined to hunt.

This concept is clearly a win for our maple industry, our forest industry, our environment, and our outdoorsmen. On so many levels, all Ohioans would benefit by enacting this legislation. We urge you to think seriously about the many benefits HB 109 would bring to Ohio—for all of us who call this great state home.

Chairman Merrin and members of the Committee, I am happy to respond to any and all questions you may have at this time.