

FOREST PRODUCTS NEWS

MAINE FOREST PRODUCTS COUNCIL

April 2009

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Legislature Hears Major Outcry From Residents and Property Owners on LURC and the CLUP

**By Patrick Strauch
MFPC Executive Director**



On Wednesday April 22, the Maine Forest Products Council, along with dozens of other members of the public and trade organizations, testified on six pieces of legislation directed at fixing problems within the Land Use Regulation Commission and resolving issues with the draft Comprehensive Land Plan. The bills were heard before the Legislature's Joint Standing



Lobbyists, members of the public, Department of Conservation staff, and trade organization representatives wait to testify on CLUP legislation

Committee on Agriculture, Conservation and Forestry, chaired by Senator John Nutting and Representative Wendy Pieh.

Many legislators, both Democrats and Republicans, have expressed an interest in assisting the Council resolve issues within the draft Comprehensive Land Use Plan. In fact, on April 15, one week before the public hearing, several legislators attended an informational breakfast

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Seven Island's Sarah Medina Honored for Outstanding Service to the Forest Industry

On April 30, Sarah Medina of Seven Islands Land Company, and member of the Maine Forest Products Council, was honored for Outstanding Service to the Forest Industry by the Northeastern Logger's Association at their annual awards banquet which was held at Jeff's Catering in Brewer.



The Northeastern Loggers Association, or NELA, recognizes significant achievements of individuals and companies in several categories just prior to the annual Northeastern Forest Products Equipment Exposition, which was held in Bangor this year.

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President's Message:

By the time this message gets out, the hearings on bills LD 1268 and LD 1333 will have taken place but you will no doubt have received several timely alerts from the Council and others about these bills. I'm only mentioning these bills because they are so typical of the continuing barrage of legislation that will negatively impact our industry. These bills, if passed, won't take just little inconsequential bites out of us; they will have significant, negative, far-reaching and often unknown consequences. Simplistically stated, the first bill, LD 1268, changes the site location law into a zoning tool and restricts the availability of developable land. The second bill, LD 1333, requires that the merits of a development be justified on its carbon "footprint" it creates and additionally requires more stringent development standards in the LURC jurisdiction.

If we only had one or two bills like LD 1268 and LD 1333 to deal with each year, life would be somewhat manageable at the Legislature, but as is, the list of significant bills is seemingly endless. It's not bad enough that we get new bills to worry about. Many bills like those dealing with Tree Growth taxation and the consolidation of the natural resource agencies come back to haunt us time after time

The point I want to make is that every week in the Legislature we as an industry are confronted with major legislation that could negatively impact our lives. Is there any positive legislation for us? Yes, but the vast majority isn't by a ratio of 9 to 1. In such an atmosphere, it is imperative



Doug Denico

for the Council to have a seasoned staff that has a good working relationship with the Legislature. Legislation, either bad or good for our industry must be explained to the Legislators. If Legislators understand the consequences of a bill on our industry, they are frequently amenable to modify or eliminate bad bills and support positive bills; but only if the Council is represented at the State House by seasoned and respected staff, which we have.

This is about the sneakiest way possible for me to get to my real focus for this article – growing our dues paying membership so we can continue to fund an effective force at the Legislature.

I'm bringing up this subject at this time for several reasons. The Council's budget this year is based on increasing dues by \$10,000 from new memberships. This budget was passed by the Board of Directors with the understanding that membership recruitment was necessary if the annual dues increase was to remain modest this year. So far, we have had a limited response with five new members added. Fortunately, some of the new members were businesses and increased our dues base by \$5,000.

Actually, in these hard times, we may have underestimated the need

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for new membership dues because of production losses by current members and slippage in continuing memberships. We don't want to get into late summer or early fall and find out we have budget issues – it's just too late for full recovery at that late a date. At this time, we have about the same amount of outstanding dues as in past years but these are not normal times.

I urge Council members to try and recruit at least one new member. I can't think of any time in our past when asking someone to spend money on a membership could possibly have been more difficult. But...The bad bills don't stop just because times are hard. I think bills are as bad as at any time in the past. One would never guess we are in a recession by looking at the anti – business bills in the Legislature. Hopefully, the discomfort of recruiting a new member is less painful than paying more dues. And please remember, the Council gives extraordinary value for its dues. To help you enlist new members, the Council has put together a "Membership Package" that can be found on our web page, www.maineforest.org. Once there, go to "Membership Information" under "About Us" and click on "2009 MFPC Membership Package." You can also call the council office and request a package.

Thank you.



Executive Director. . (Cont. from page 1)

at the Council headquarters in Augusta. MFPC staff and members took the opportunity to discuss current trends in LURC's jurisdiction and explore in depth the issues surrounding the draft plan, and possible solutions and outcomes moving forward.



Picture Above: MFPC Executive Director Patrick Strauch Picture Below MFPC President Doug Denico, both testifying on CLUP bills before the ACF Committee.



LURC's Purpose and Scope to provide a mandate to manage the jurisdiction only for public benefit, not for the benefit of owners and other residents of LURC territory. Staff has even referred to landowners as a "special interest group" in the past.

The following is a summary of MFPC positions on the specific bills:

LD 413 - An Act to Clarify Land Use Regulation in Unorganized and Deorganized Townships

This bill is sponsored by Representative Herb Clark of Millinocket.

The Maine Forest Products Council supports LD 413. *MFPC has actively worked with LURC staff to provide feedback on the preliminary drafts of the Comprehensive Land Use Plan. We believe, however, that LURC planning staff has effectively interpreted*

Hundreds of residents and property owners attended LURC's public workshops held in several locations statewide last spring to voice their concerns over the draft plan. A major theme heard in every meeting was to respect the rights of those who live and own property in the jurisdiction, and a desire to have more of a voice in the plan.

The Maine Forest Products Council believes that the approval of LD 413 would send a strong message to LURC planning staff to recognize those who live and own property in this

(Continued on page 8)

Unorganized Territory Tax Issues By Doreen Sheive

Fiscal Administrator of the Unorganized Territory

Here we are in the middle of another legislative session with the usual problems and concerns – State government eliminating positions, with departments and the legislature expecting the unorganized territory to fund these positions so they will not be lost.

The Municipal Cost Components' legislation, which sets your real and personal property taxes is printed and scheduled for hearing. As some of you know, I have been trying for years to reduce our undesignated fund balance (surplus) because several years ago the Legislature decided to take over \$2M from our surplus. In the past several years I have used several million dollars of surplus monies to reduce the state level mill rate. This was possible, in part, because our education costs were over budgeted every year by \$1-1.5M, which became part of our surplus amount. Now, the education account is actually under budgeted so instead of the EUT having a surplus, it now have a deficit. So, we now have finally been able to reduce the surplus down to a reasonable amount. Unfortunately, we now have no available surplus to be utilized for mill rate reduction. I estimate that we will have an audited surplus of approximately \$1M at the end of this fiscal year for emergencies such as a large forest fire. So, the days of a large amount of surplus money at the state level is over, and I do not expect that will change until such time as we receive tree growth withdrawal penalty monies from the Plum Creek project or some other project.

The expected impact on your tax bills will be approximately a \$1.30 per thousand increase (38%) in the mill rate at the state level. I cannot address what the impact of the county services and county budgets will have on your mill rate. This we will not know until the taxes are assessed.

Outside of the regular Municipal Cost Components' legislation, we know that LURC is trying to get us to pay a greater percentage of their budget in order to save the positions being eliminated in the budget. My argument has been that this should not happen because FY2010 will be the first year of the new formula, which over time will help LURC considerably. We have also heard rumors that some would like to have the unorganized territory fund part of the Department of Inland Fisheries and Wildlife costs. We don't know exactly what this means but we are keeping our eyes and ears close to the ground. Legislator contact from you opposing any additional costs to the unorganized territory taxpayers could be very helpful. The more contacts and calls, the more we will be listened to with regard to increases in your taxes.

On another budget subject, I want to strongly encourage you to get involved in the county budget process at the unorganized territory and county level (the

(Continued on page 5)

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UT Tax Issues.....(Cont. from page 4)

unorganized territory is one of the largest county taxpayers). I feel that the counties are more likely to listen to you, the taxpayer, then they are to listen to me. Counties have budget committees that must vote on the county and unorganized territory budgets. It would be useful for you to participate in this process. Counties begin their budget process in the fall and complete it no later than December. All of the budget meetings are open to the public, and if you call ahead of the meeting I am sure the county will be open to your concerns. If you are involved at the beginning of the process, your input will provide a greater benefit. Of course, if you have the time and energy, I would encourage you to run for a county commissioner position. Then, you will have real input and a new appreciation for county government.

I appreciate the opportunity to address some of our budget concerns. If I can be of help to you in understanding the process or anything else, please do not hesitate to contact me at doreen.sheive@maine.gov.



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2006 Mid-Cycle Report On Inventory and Growth of Maine's Forests

Executive Summary

This mid-cycle report is based on a select series of 2,003 matched plots. The combined 3 years of data is strong enough to provide the following estimates:

- Maine remains 90% forested, and 97% of the forestland is productive timberland (Appendix A. Table 1). Nonetheless, this report estimates a net lost in timberland of 96,000 acres; 30,000 acres changed to forestland, and 66,000 acres became new non-forested land uses. The major losses occurred in the Eastern Megaregion (29,000 acres) and in the Southern Megaregion (26,000 acres).
- There has been significant increases in timberland acreage for the Corporate Investor owner class in three of the four megaregions (Appendix A. Tables 2A, 2B, and 2D) and Statewide (Table 2), with an overall increase of 2.4 million timberland acres.
- There have also been significant decreases in timberland acreage for the Forest Industry owner class in three of the four megaregions (Appendix A. Tables 2A, 2B, and 2D) and Statewide (Table 2), with an overall decrease of 2.7 million timberland acres.
- In 2006, Maine's forests had an estimated inventory of 285 million cords of merchantable wood (pulpwood quality or better); an increase of 11 million cords since the 2001 inventory estimate (Appendix C. Figure 3).
- Current pulpwood quality or better volume is estimated at an average of 16.5 cords per acre. This is a 0.8 cord per acre increase from 2001 (Appendix C. Figure 1).
- Since 2001, there have been no significant changes in growing stock net volume or sawtimber board foot volume in any species group, in any of the four megaregions, or statewide (Appendix A. Tables 19A,

(Continued on page 6)

Inventory & Growth.....(Cont from page 5)

19B, 19C, 19D, and 19. And Tables 27A, 27B, 27C, 27D, and 27).

- 79% of the timberland area is in desirable stocking classes (moderately stocked and fully stocked), a minor decrease of 2% from the 2001 estimate. (Appendix A. Table 10).
- The 2006 growth to harvest ratio for growing stock quality trees is 1.15, a substantial increase from the 2003 estimate of 0.97 (Appendix B. Table 29). Growth to harvest ratios, by megaregion, ranged from 1.0 for the eastern and northern, to 2.31 in southern, and 1.35 in the western.
- Tracking net change in individual species groups sees a comparable range. Balsam fir for the first time since 1971 has a positive net change, while the net change of spruces is still heavily influenced by harvest and is -0.02 cords/acre/year. Red maple continues its positive trend with a net change of 0.01 cord/acre/year, while the combination group of sugar maple/ beech/yellow birch is impacted by mortality, quality degradation, and harvest; resulting in a -0.01 cords/acre/year net change (Appendix C. Figures 4 and 5).

Invitation from The Department of Conservation's Maine Forest Service and the Pine Tree State Arboretum

You are cordially invited to the 2009 Maine Arbor Week celebration. The celebration will be held **Monday, May 18 from 1:00pm to 3:00pm, at the Maine State Library in Augusta.**

The theme for this year's celebration is "Take it Outside" highlighting the recreational and educational opportunities in Maine's urban and community forests.

Governor Baldacci has been invited to the event and will present the 2009 Tree City USA awards and the 2009 National Arbor Day Foundation poster contest award. The 2009 Community Forestry Excellence award will also be presented at this ceremony.

A reception with light refreshments will begin at 1:00 p.m. with the awards ceremony starting at 1:30 p.m.

Your attendance certainly means a lot to the next generation of forest stewards and sends an engaging and positive message to our legislators that community forestry funding is very important to Maine's cities and towns. If you have any questions, please do not hesitate to call Loretta Huttman at the Project Canopy office at 207-623-2371.

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Medina (Cont. from page 1)

Among the other awards given that night were Outstanding Logging Operator, Outstanding Sawmill Operator, Outstanding Management of Resources, Outstanding Leadership in the Industry, Outstanding Contribution to Forest Industry Education, and Outstanding Industry Activist.

Medina was nominated by several peers, who praised her expertise on issues such as forest management, land use, and recreational access policies.

In a letter of support of her nomination, the Maine Forest Products Council wrote the following about Sarah's involvement in the Comprehensive Land Use Plan revision process:

"Sarah has spent hundreds of hours on this plan, and is seen as an expert by policy makers and industry leaders alike. When confronting these issues, she is known to have a balanced approach that weighs science against rhetoric, and strong support for the people who live and own property in these areas. Her contributions to this plan will undoubtedly lead to a healthier forest products industry in the future than may have been without her."

Dozens of members of the forest products industry from Pennsylvania to New York, New Hampshire and Vermont attended the banquet, including several members of the Maine Forest Products Council. Melvin Lewis of Dwight Lewis Lumber Company in Pennsylvania presented the award to Medina as the sitting first vice-president of the Northeastern Logger's Association.

The Maine Forest Products Council congratulates Sarah on this well deserved recognition!




MFPC

Member nominations for Annual Awards

Save the Date

Each year, the Maine Forest Products Council asks its members to select outstanding individuals from the forest products community who excel in their professions:

Outstanding Logger of Maine Award

Outstanding Trucker of Maine Award

Outstanding Manufacturer Award

MFPC Annual Meeting
Sept. 20-21
at the
Lucerne Inn
in Dedham, ME

*Please take the time to consider those people in the forest products community who have done an exemplary job in these areas and deserve recognition for their positive impact on our industry. It is an **important opportunity** for us to look within our industry and provide recognition and public attention where it is due. **Nominations are due by July 1, 2009***

More information to follow in the next few weeks

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Executive Director. (Cont. from page 3)

jurisdiction. Landowners and residents are not asking for special rights, they are asking for an equal right – to ensure that their voices are considered in planning and zoning matters for their region.

LD 413 provides a balance by adding recognition of the “benefit of property owners and residents of the unorganized and deorganized townships.” This addition recognizes the important fact that residents and landowners of the jurisdiction are a part of the regulated community, not “special interests,” and that they have rights that must be recognized along with public benefit objectives. The majority of the LURC jurisdiction is privately owned, and values held by the majority of the voting population that do not reside or own land in the jurisdiction should not be the sole consideration in determining policy for the region.



residents get to vote on the plan. Because there is no similar mechanism that enables jurisdiction residents and property owners to vote, we are asking that our elected legislative officials have the opportunity to review and approve this critical document.

Although LURC and major stakeholders have recently participated in a facilitated “working group” process, we do not have assurance that the plan will reflect the needs and vision of those who live and own property in the jurisdiction, and believe that elected officials can help us ensure that balance.

As noted earlier, the elected governing body of a town must adopt the comprehensive plan before it is effective. Similarly, we want to make sure that the approval of the CLUP is based on the vision and will of the people in LURC’s jurisdiction. LD 474 would provide a way for legislators who represent the people within the LURC jurisdiction to represent those interests in the approval process.

Because planning and zoning are by law legislative functions- we are asking that our elected legislators have the ability to review and approve this plan.

LD 474 - An Act to Clarify Land Use Planning in Unorganized and Deorganized Townships

This bill is sponsored by Senator Roger Sherman of Aroostook County.

The Maine Forest Products Council supports LD 474. *The purpose of LD 474 is to ensure accountability as part of the ten year revision of the Comprehensive Land Use Plan, for which LURC is exercising one of its primary functions as the planning board for the jurisdiction.*

In organized towns, the comprehensive planning process involves a substantive dialogue between citizens and landowners and planning board or comprehensive plan committee members. Usually this discussion focuses on the region, physical and natural characteristics, the local economy, infrastructure, conservation, and recreation. The elected governing body of a town must adopt the comprehensive plan before it is effective, and most importantly, town

LD 516 - An Act to Require that a Majority of the Land Use Regulation Commission Reside in the Commission’s Jurisdiction

This bill is sponsored by Representative Doug Thomas of Ripley.

The Maine Forest Products Council recognizes the important concept outlined in LD 516 – LURC Commissioners should better represent LURC territory. LD 516 comes at a good time, because several LURC Commissioners will be termed out in coming months.

Currently there are statutory requirements that the makeup of LURC Commissioners must fulfill, a majority of LURC

Executive Director. (Cont. from page 8)

Commissioners are not required to reside within LURC jurisdiction. Although we believe most of the LURC Commissioners have not been disconnected from LURC's jurisdiction in the CLUP revision process, we believe that it is good policy for any planning board member to reside in the region they plan for and represent.

MFPC has found that LURC staff often are unfamiliar and disconnected with many of the trends in LURC's jurisdiction that are critical to the Comprehensive Land Use Plan, including conservation easements, landowner rights, economic trends and needs of the jurisdiction, development data, timber supply agreements, landowner supported biodiversity research and management programs, and recreation.

LD 516 provides a first step for a more comprehensive legislative discussion about the future of LURC and how the agency functions. We believe that any legislation, including LD 516, that seeks to tie LURC Commissioners closer to the region they represent should be welcomed and considered.

We also hope that the Legislature will keep this discussion in mind when confirming new LURC Commissioners later this year.

LD 558 - An Act to Amend the Notification Procedures of the Maine Land Use Regulation Commission

This bill is sponsored by Representative Tom Saviello of Wilton.

The Maine Forest Products Council supports LD 558. During a public workshop on the Comprehensive Land Use Plan last spring in Rangeley, many residents inquired to LURC staff about why they had not received notification that their Comprehensive Land Use Plan was being revised. Residents and property owners seemed frustrated and angry over the fact that they had not been notified of the revision process in the several years that it had been taking place.

Representative Tom Saviello, who attended the Rangeley workshop, asked LURC Director Catherine Carroll why LURC had not contacted each individual property owner to let them know that the CLUP was being revised. In her response, Carroll told Representative Saviello that the mailing would be expensive (approximately \$18,000), and she did not have the funds to notify each property owner. Carroll said that LURC had put announcements in local newspapers and online.



Taking into account LURC's figure of \$18,000, we estimate that the cost to each property owner to notify them that the comprehensive plan is changing would be approximately \$0.72. This amount would be spent only once every ten years, when the CLUP revision process begins.

One way to avoid this cost, however, would be to combine mailings. For example, LURC recently sent a "LURC Works!" brochure in an existing mailing through Maine Revenue Service. If they can do this for a brochure, why not a notification of CLUP updates? We believe that by sending this information through an existing mailing process, LURC can save on postage costs.

The Maine Forest Products Council would support an amendment to LD 558, which states that LURC must notify

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Executive Director. (Cont. from page 9)

each individual property owner in the LURC jurisdiction through an existing mailing mechanism (tax bill, Unorganized Territory Annual Report, etc.) that their comprehensive plan is being revised, and where to find more information.

As a Council, we have taken it upon ourselves to send several mailings to large groups of residents and property owners within LURC jurisdiction to keep them apprised of new developments in the CLUP revision process.

In fact, early in 2008 we were so concerned about the draft CLUP that we sent mailings to encourage people to attend the public workshops in the spring in hopes that LURC staff would hear the concerns of property owners and move the draft in a new direction. It is now over a year later, and we still are unsure that the voice of the people who live in the jurisdiction will be heard.



We urge the Committee to support LD 558 and require LURC to notify each property owner of proposed changes to the comprehensive plan that applies to their land, where to find more information, and that the new changes may affect them.

LD 1047 - An Act to Amend the Review and Approval Process of the Comprehensive Land Use Plan

This bill is sponsored by Representative Herb Clark of Millinocket.

The Maine Forest Products Council believes that LD 1047 puts an appropriate emphasis on elected officials during the CLUP process. We also believe that the Governor's approval and signature should remain an integral component of the final approval process, and would ask that this bill be amended to incorporate the Governor back into the approval process.

LD 1047 has the same major theme as that in LD 474, which is to give the ACF Committee the ability to review and approve the new Comprehensive Land Use Plan. Again, we believe that this function provides a fundamental assurance to those who live and own property in LURC jurisdiction, which is to have an elected legislative body review and approve the governing comprehensive planning document.

Because it is emergency legislation, and because of the critical need to change the direction of the current draft CLUP, we believe that, if amended to re-include the Governor into the

approval process, LD 1047 may represent the best path forward for the adoption of the current plan.

LD 1370 - An Act to Reform the Land Use and Planning Authority within the Unorganized Territories of the State

This bill is sponsored by

Representative Henry Joy of Crystal.

The Maine Forest Products Council recognizes that LD 1370 intends to bring land use planning authority back to a level of government that addresses the needs of the people who live and own property within LURC jurisdiction. While we are not sure that eliminating the Land Use Regulation Commission is the easiest and most cost-efficient method to accomplish this goal, we are supportive of the concept.

We believe that county government should be more involved in land use and planning for their communities. LD 1370 provides another option for accomplishing the goals set out in LD 474, which is to involve elected legislative officials in the approval process of the Comprehensive Land Use Plan. It is clear that the Land Use Regulation Commission needs guidance from elected representatives like legislators and county commissioners before changing a plan with such broad implications.

Executive Director. (Cont. from page 10)

Of particular interests are sections 6 and 7 in LD 1370. Section 6 requires LURC to re-adopt the 1997 Comprehensive Land Use Plan until July 5, 2010. Section 7 would require a process to be designed that could phase in new chapters of the CLUP after they are approved, after July 5, 2010. MFPC believes that these recommendations may be a prudent path forward in the current CLUP process, regardless of whether LD 1370 becomes law.

Under the 1997 CLUP we have seen a rise in conservation easement sales, millions of acres of newly certified forestland, recreational access to private land virtually unchanged, and development occurring exactly where we had hoped it would go. We have also experienced new trends, such as grid-scale windpower development, that may need to be addressed in a new comprehensive plan. Recognizing this, the Maine Forest Products Council believes that, through many pieces of legislation heard on April 22, the Legislature could vote to require LURC to re-adopt the 1997 CLUP, and come back to the ACF Committee with a plan to phase in new chapters after their approval by the Commission and the ACF Committee.

The Department of Conservation testified in opposition to all six pieces of legislation, along with the Natural Resources Council of Maine and Maine Audubon.

As a follow up to several requests made by legislators, MFPC has put an analysis together for interested parties who wish to see a comparison between the current 1997 Comprehensive Land Use Plan and the 2007 Workshop Draft CLUP and recently revised Chapters 1-5 of the 2009 draft CLUP. The new chapters 1-5 of the 2009 draft CLUP were released on April 28 after direction from LURC Commissioners at their regularly scheduled monthly meeting in early April. These new chapters are an attempt to reflect the comments at the 2008 spring public workshops and CLUP Working Group meetings.

Preliminary review of the new chapters shows little improvement from the previous draft. In fact, despite comments from Commissioner Patrick McGowan, who stood on record during the public hearings on behalf of the Baldacci Administration opposing any attempt to eliminate 2-in-5 in the LURC jurisdiction, threatening language is still contained within the latest draft chapters 1-5 of draft CLUP. The language in the draft CLUP has also found its way into other legislation threatening to

eliminate 2-in-5 in the LURC jurisdiction, including LD 1333, An Act to Establish Climate and Energy Planning in Maine, sponsored by Speaker of the House Hannah Pingree.

The ACF Committee is expected to discuss and vote on these bills at a work session scheduled for Wednesday, May 13. LURC Commissioners will also be discussing the latest revision of chapters 1-5 of the 2009 draft CLUP at their regular monthly meeting on May 6 in Bangor. MFPC will continue to keep members informed about



Climate Change Legislation Seeks to Eliminate 2-in-5 in the LURC Jurisdiction

LD 1333, An Act to Establish Climate and Energy Planning in Maine proposes to eliminate the definition of subdivision, or 2-in-5, in the 10.4 million acre jurisdiction of the Land Use Regulation Commission. The bill also proposes to amend the Natural Resources Protection Act to require stream crossings and culverts to achieve “natural flow” and to provide for the passage of fish and other aquatic organisms. These two provisions, among several others contained in the legislation, would significantly impact Maine’s forestland owners.

The bill was drafted by the Conservation Law Foundation, Environment Northeast, the Natural Resources Council of Maine and Maine Audubon. Significant push back on the bill during the public hearing on April 14 resulted in direction from the Natural Resources Committee to the Department of Environmental Protection to come back with a less burdensome proposal at a subsequent work session held on April 28.

During the work session, Senator Doug Smith asked DEP Commissioner David Littell who the department had been working with on the proposed changes to LD 1333. Littell told the Natural Resources Committee that they had been working with the Conservation Law

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MFPC and SWOAM Sponsor a Forestry Carbon Offset Seminar

On April 27th, a panel of experts provided an overview of how forestry might be considered for carbon offsets in a regulated carbon cap and trade system.¹ Presenters included: Alec Giffen, Director of MFS, DEP Commissioner David Littell, Neil Sampson, President of the Sampson Group a consulting firm specializing in carbon offset trading, John Gunn, Manomet and Ellen Hawes from Environmental Northeast. Although there were variations in how presenters envisioned forestry

What we know is being considered in national and bi-national (US & Canada) level discussions is that the business as usual will not likely be eligible for offset credits. To be considered, forest management will need to store additional carbon beyond the current forest condition. Current prices in N. America for forestry carbon offsets are modest— in the realm of \$4/metric ton. As stated by Neil Sampson, “think of revenues from offsets like you would revenues from hunting leases. Carbon offset revenues will not replace the value of active forest management but could help defer carrying cost for the periods of time between harvests.

Currently there are voluntary systems in place such as the Chicago Climate Exchange (CCX) where offsets are being traded. The CCX is the largest such exchange in the world. In the absence of any existing standards, the CCX has developed its own standards for forest management offsets. The CCX has established a track record with learned lessons that should be considered for any statutory definition of forestry offsets. If new standards for forestry are established, the CCX could still serve as a trading platform for carbon credits.

There is significant resistance to include active forest management as a carbon offset activity. Currently the tendency is to limit consideration to afforestation projects. It is important that active forest management be included on the solution side of the equation otherwise forestry could end up under the cap. The Council will work to educate Maine’s delegation in an effort to ensure forestry’s inclusion in the list of possible offset options. Although the financial benefits of carbon offsets won’t likely represent a windfall for landowners, the downsides of not participating in these discussions are too substantial to risk.

For more information on forestry carbon offsets, visit: Sampson Group <http://www.sampsongroup.com/Papers/papersdocuments.htm> or the Manomet Center for Conservation Sciences <http://www.manomet.org>.

(Footnotes)

¹ Cap and trade system: The “cap” refers to limiting industrial carbon dioxide emissions to a specific regulatory threshold. The “trade” reference is an opportunity for those industrial carbon emitters to exceed the cap by purchasing credits associated with a project that sequesters carbon equal to the emissions exceeding the cap. The



inclusion into a carbon cap and trade system, everyone agreed that the topic is extremely complex.

The backdrop to the discussion is a Congressional bill (The American Clean Energy and Security Act of 2009) that proposes to establish a regulated carbon cap and trade system in the US. The crux of the issue for forest landowners is whether forestry can be considered as all as a carbon offsets² and if so, what types of forest management will count? How much would forestry offsets be worth? How much time would carbon contracts require landowners to carry the desired stocking levels to get credit? How will harvested wood products be considered, and if included, where in the value chain would credit be applied? Answers to these questions have yet to be addressed but will eventually determine the practical viability of forestry offsets. If forestry is included as an offset option in federal legislation, the details will be determined through a tedious rule making process of which our industry will need to actively engage.

Carbon Offset Seminar. *(Cont. from page 12)*

“system” refers to trading platforms like Chicago Climate Exchange (CCX) where carbon credits are currently bought and sold. Info at www.chicagoclimatex.com

² Offsets represent the green house gas emission reduction of one metric ton of carbon dioxide equivalent.



Climate Change. *(Cont. from page 11)*

Foundation, Environment Northeast, and Maine Audubon. Senator Smith then told Littell that he thought the approach the Department had taken in reference to drafting the new proposal was flawed due to the lack of private sector participation in the discussion. He then requested that the Department meet with the private sector to discuss their concerns before proceeding with the new proposal.

The new proposal is expected to be presented during the early part of the week of May 11th.

MFPC and other business organizations are focused on the bill, and have been working with legislators to highlight harmful language. MFPC also recently discussed LD 1333 with members of the Rural Caucus who proposed that the Caucus potentially take a position in opposition to the bill.

Language in LD 1333 that seeks to eliminate 2-in-5 seems to reflect similar language in the draft Comprehensive Land Use Plan, proving a concern of MFPC throughout the CLUP process, which is that language in the draft CLUP will be used in the legislature to eliminate the ability of landowners to manage their land for forest management activities and development opportunities in the future.

MFPC will continue to keep members informed of the progress of this legislation in the Natural Resources Committee. Members are still encouraged however, to contact their legislators and tell them to oppose LD 1333 for the negative effects it will have on the forest products industry, and other business communities, in Maine.

Natural Resource Agency Consolidation bills scheduled for Monday, May 11

Three bills dealing with the consolidation of Maine’s natural resource agencies will be heard Monday, May 11 in the State and Local Government Committee.

LD 1270: Resolve, To Realign Maine’s Natural Resource Agencies, directs the commissioners of the Department of Conservation, the Department of Agriculture, Food and Rural Resources, the Department of Marine Resources and the Department of Inland Fisheries and Wildlife to reconfigure their departments. The bill requires each of the Department’s to report back to their committee of jurisdiction and propose legislation to accomplish the reorganization in the 125th Legislature. This bill was submitted by Representative Wendy Pieh upon request from the Natural Resources Network. The recommendations in this bill are those studied and recommended by the Network during the Natural Resource Agency Task Force process. The Maine Forest Products Council will be supporting this legislation.

LD 538: An Act to Consolidate the Department of Marine Resources and the Department of Inland Fisheries and Wildlife into a new Department of Fish, Wildlife, and Marine Resources, has been submitted by Representative Watson, and would require the Department of Marine Resources and Department of Inland Fisheries and Wildlife to consolidate.

LD 1453: An Act to Reform Natural Resources Agencies and Establish the Department of Natural Resources, is the Governor’s bill and would require the Department’s of Inland Fisheries and Wildlife, Department of Conservation, Department of Agriculture, and Department of Marine Resources to consolidate into one mega department named the Department of Natural Resources. Despite warnings that this initiative would not account for any savings and contradicting recommendations by the Natural Resources Network and a majority of members of the Natural Resource Agency Task Force, the Administration has decided to submit this legislation.

The acting Commissioner of Natural Resources shall report implementing legislation for the reorganization to the Legislature by January 1, 2010. Savings from the reorganization must be reinvested in the Department of Natural Resources.

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Calendar of Events

May 14: 9:00 Exec. Meeting
May 14: 1:00 BOD Meeting

The Maine Forest Products Council
535 Civic Center Drive
Augusta, Maine 04330