



# Empire State Forest Products Association

*The people behind New York's healthy forests and quality wood products*

*www.esfpa.org*

## **Empire State Forest Products Association Testimony on the SFY 2018-19 Executive Budget Proposal for TED**

Good afternoon, my name is John Bartow and I am the Executive Director of the Empire State Forest Products Association. Thank you for the opportunity to testify today and to share our views and suggestions on the SFY 2018-19 Budget. The Empire State Forest Products Association (ESFPA) represents the industries and landowners engaged in forest resource production and stewardship of New York's 19 million acres of forest. In total, \$22.9 billion dollars in statewide economic impact and nearly 100,000 jobs are attributable to operations of various industries and businesses within the forest related sectors. There are nearly 700,000 private forest landowners who also depend on sound forest and timber management and production to help them keep their forests as forests. Our vision for New York's forests and forest products economic sector is that our forests can provide economic, social and ecosystem benefits that support the State's rural economies while sustainably managing forests so their benefits are there for generations to come.

In our testimony today, we are focusing on those issues with the greatest potential impact – positive and negative - on the State's forests and forest based economy. As the budget review process continues over the coming weeks, I and many of our Members will be meeting with legislators on these and other issues related to the SFY 2018-19 State budget.

ESFPA's number one budget priority for SFY 2018-19 is the Empire Forest for the Future Initiative, referred to as EFFI, as outlined in the TED Article VII bill with modest appropriation requests for the two new grant programs included in the Environmental Protection Fund. Before I address EFFI, I will briefly address two other priorities in the TED Budget.

### **Environmental Conservation**

#### **Environmental Protection Fund:**

We support the Governor's Budget appropriation request of \$300 million to the Environmental Protection Fund (EPF). We are pleased to see the level funding requests for:

- Land Acquisition and our priority for Working Forest Conservation Easements.
- Urban Forestry as this is often the largest interaction of urban residents and communities with trees and forests.

- Biodiversity /Landowner Habitat Conservation Programs. Our private forests represent over 14 million acres of habitat and biodiversity and we hope to see some of this effort benefit private forest lands to encourage sustainable forestry and achieve these goals.
- Invasive Species in both our water and terrestrial forest environments.

## **AGRICULTURE**

We are very disappointed to see that the Governor’s budget proposal does not include an appropriation for the Wood Products Development Council (WPDC). The WPDC has undertaken numerous projects over the past three years to promote markets and support research on the forest products sector aimed to solve economic and environmental issues paging the industry and impacts on forest health. The Legislature has shown leadership in restoring funding at \$100,000 for each of the past three years. We would ask that the same level of funding be restored for SFY 2018-19 Budget.

## **EMPIRE FORESTS FOR THE FUTURE**

We are very excited to see the Governor’s proposal for the Empire Forest for the Future Initiative (EFFI) included in his Executive Budget. This initiative is very broad and comprehensive in how it supports private forest land owners, reduces the risk of conversion of forests to non-forest uses, and promotes sustainable forestry practices. This initiative ensures not only the economic benefits that our forests provide New Yorkers, but also the host of ecosystem benefits from our forests for carbon sequestration, water quality, air quality and wildlife.

The EFFI proposal is the result of over two years of hard work by more than 20 national, State and regional stakeholders representing environmental organizations, business and private landowners who recognize the value and public benefit of New York’s 19 million acres of forests, 75% or 14 million acres which are owned by nearly 700,000 landowners.

We believe that taken in its entirety, EFFI stands to be the most comprehensive forest stewardship package in over 100 years, and it’s Return on Investment (ROI) will have the largest positive landscape impact as well as economic impact with a very modest level of State financial commitment.

The Governor’s EFFI proposal includes 6 major provisions:

1. Amend the State’s existing forest property tax laws and establishes a new property tax incentive while at the same time fixing the property tax shift associated with both the current and proposed forest tax incentives where such taxing jurisdictions are impacted.
2. Amend the State’s Right-to-Practice-Forestry to strengthen the protection of forest practices on private lands from undue local regulation.
3. Enacts a Commercial Timber Harvest Notification law.
4. Creates a new grant program for community forests;
5. Creates a new grant program for private forest stewardship management projects. And,
6. Create a State procurement preference for New York Wood products.

Included in our testimony are 6 “*Position Papers*” on each of these major components of EFFI which provide significant detail as to our comments and concerns and I encourage you and your staffs to review those and contact me if you have any questions. For now I will just highlight our major points.

## 1. Forest Tax Law Reform

The Governor's proposal would amend sections 480 and 480-a of the Real Property Tax Law (RPTL) and creates a new section 480-b.

### RPTL Section 480

In regards to section 480, the proposal would:

- continue to grandfather all existing section 480 parcels;
- allow the tax assessment benefits to run with the land thru title transfers; and,
- allows landowners to switch to the new section 480-b at any time without any penalty.

ESFPA supports these provisions.

### RPTL section 480-a

In regards to section 480-a, the proposal would:

- Grandfather all existing 480-a parcels and allow for new enrollments or expansions of existing parcels until March 1, 2019.
  - ESFPA supports the grandfathering of existing parcels and ending new enrollments or expansions until some date certain, but we believe that a hard date of March 1, 2019 is not attainable. Landowners should know the details of the new section 480-b prior to the end date so they can make an informed decision. We recommend that this be amended to time the ending of new or expanded 480-a parcels with the adoption of regulations for the new 480-b program.
- The Governor's proposal would limit the future sales of 480-a grandfathered parcels to family members of the original enrollee.
  - ESFPA believes that 480-a should be grandfathered the same as section 480 was in 1974 and that transactions for sales going forward should be the choice of the seller and buyer. If a future buyer wants to remain in 480-a they should be allowed to under any circumstance.

### New RPTL section 480-b

ESFPA supports the proposed new RPTL section 480-b as the proposal would accomplish many of the stated objectives of the administration. In particular, the new section 480-b would:

- Streamline the program's administration through two pathways of entry:
  - a 70% exemption for tracts enrolled in 3<sup>rd</sup> party forest certification programs; and,
  - a 40% exemption for tracts enrolled which undertake a qualified forest management practice.
- The new section 480-b would broaden the eligible enrollment of forest and forest related lands which recognize land owner stewardship objectives of eligible lands beyond timber production which include, but are not limited to carbon sequestration, invasive species, and water quality and wildlife management.

ESFPA supports the new section 480-b proposal and the new eligibility and forest management priorities it embraces.

### Property Tax Shift

The Governor's forest tax law proposal also remedies the impact of the property tax shift on local taxing jurisdictions which has been a major concern of local governments and the State Legislature. The result in property assessment exemptions from forest tax law is that there is a shift of tax burden from enrolled properties to non-enrolled properties in any taxing jurisdiction (e.g. town, county and school districts). The Governor's proposal would amend State Finance Law to establish a formula which would reimburse impacted taxing jurisdictions that experience a 1% or greater tax shift. ESFPA believes this formula will address any significant impact on affected taxing jurisdictions.

## **2. Amendment to the Right-To-Practice-Forestry Law**

The Governor's proposal would amend the Right-To-Practice-Forestry Law by requiring any local government who propose to adopt a local law or regulation to refer such proposed law of regulation to the Commissioner of Environmental Conservation prior to adoption. The Commissioner would have 45 days to review and comment, and if the Commissioner found that the proposal would unduly regulate forest practices, including timber harvest, the local government would have to take those comments into consideration. If the local governing body chooses to ignore or not accept the Commissioner's recommendations, they would have to adopt such law or regulation by a "super majority" vote.

ESFPA supports this proposal as it would make the provisions of the Right-To-Practice-Forestry law more prospective, rather than retrospective of the current Commissioner's review procedure and it would require a stronger local action to ignore or not accept the Commissioner's recommendation.

## **3. Commercial Timber Harvest Notification**

The Governor's proposal would also amend the Right-To-Practice-Forestry law to authorize the Department to promulgate regulations requiring forest land owners to notify the Department prior to undertaking a commercial timber harvest of 10 or more acres. The proposal would also pre-empt any local law or regulation governing timber harvest notification. The Department has indicated that this notification is for "informational purposes only" and in no way represents any State regulation of timber harvesting. Their rationale is that this information would provide valuable data which would enable them to have a better understanding of the condition of New York's forests and forest health.

ESFPA opposes this provision of the Governor's proposal because:

- DEC has not adequately articulated a compelling public need or benefit for harvest notification;
- DEC has not been able to articulate any benefit that harvest notification would have to private forest landowners, the forest products industry or the forest in general;
- DEC has not been able to demonstrate what, if any, egregious actions private forest landowners have done to the public's interest in forest management which would warrant such an intrusion on private property rights; and,
- DEC has not been able to ensure that this regulation is merely an "informational gathering exercise" and not potential regulatory mission creep.

ESFPA has offered detailed comments and an alternative approach to obtaining data on the state of forests in New York which we believe will provide the Department with statistically valid information for the purposes they seek. We hope we can work with the Governor, State Legislature and all stakeholders in advancing this or some alternative to new regulatory authority which can achieve mutually beneficial purposes.

#### **4. Community Forest Grant Program**

The Governor's proposal would establish a new Community Forest grant program and provides a \$500,000 appropriation under the EPF. ESFPA supports this program and would encourage the Department in developing program guidance to consider:

- That proposed community forests are required to have a forest stewardship plan prior to acquisition.
- That such stewardships plan do not have to permit but will not preclude timber harvesting.
- If a non-government entity undertakes the acquisition and stewardship of the community forest that they do so with the consent of the affected local government. And,
- That public access is afforded to the property.

#### **5. Empire Forest Incentive Program**

The Governor's proposal would establish a second matching grant program known as the "Empire Forest Incentive Program" which would create a cost share program also with a \$500,000 appropriation under the EPF. ESFPA strongly supports this program as it recognizes the cost burden that private forest landowners face in planning for and managing their forests.

With 75% or 14 million acres of New York's forests in private ownership it is not enough to just keep these forests as forests. If we want the benefits of these forest lands for important public benefits of not only the forest based economy but the environmental benefits of carbon and climate change, invasive species control, water quality, wildlife and storm resiliency, we must provide some assistance to these forest owners to manage a steward their forests to maximize these public benefits.

#### **6. State Agency Procurement Preference**

Finally, the Governor's EFFI proposal would amend the State Finance Law to increase the discretionary thresholds for State agencies to purchase wood products made from wood or fiber manufactured in New York State. We have seen the benefits this this type of procurement preference has had on markets for food products grown and processed in the State and we applaud the Governor for recognizing the market benefits this could have for our wood products and we encourage the Legislature to embrace this as well.

As I mentioned earlier in my testimony, we at ESFPA believe that the Empire Forest for the Future Initiative represents the most significant and broadest forest initiative in New York in over 100 years. We realize that this proposal is big and comprehensive and there may be a lot of questions and details to be worked out. We also believe that this proposal has an extremely modest cost to the people of the State of New York for a very large financial return on investment.

Thank you for the opportunity to present our comments on the pending budget and ESFPA stands ready to work with the Legislature and the broad group of stakeholders we have been partnering with for the past few years to bring this initiative to fruition. I am available now or at any time to answer any questions you may have or to provide additional information you may need.

**For more information please contact:**

John K. Bartow, Jr.  
Executive Director  
Empire State Forest Products Association  
47 Van Alstyne Drive  
Rensselaer, NY 12144  
Tel (518)463-1297  
Cell (518) 573-1441  
[jbartow@esfpa.org](mailto:jbartow@esfpa.org)