CHAPTER 164
HB 123 - FINAL VERSION

13Mar2025... 0654h
05/15/2025 2133s

2025 SESSION

25-0100
08/02

HOUSE BILL ***123***

AN ACT defining pre-sequestration timber tax revenue, establishing a moratorium on carbon sequestration and establishing a commission to study the effects of carbon sequestration in New Hampshire forests upon state and local tax revenue, effective forest management, and the health of New Hampshire's logging industry.

SPONSORS: Rep. A. Davis, Coos 2; Rep. Cole, Hills. 26; Rep. Ouellet, Coos 3; Rep. Tierney, Coos 1; Rep. Michael. Murphy, Coos 6; Rep. Durkin, Coos 1; Sen. Pearl, Dist 17

COMMITTEE: Municipal and County Government

AMENDED ANALYSIS

This bill:

I. Defines pre-sequestration timber tax revenue and allows for payment in lieu of taxes on such revenue.

II. Establishes a moratorium on carbon sequestration contracts.

III. Establishes a commission to study carbon sequestration programs.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT defining pre-sequestration timber tax revenue, establishing a moratorium on carbon sequestration and establishing a commission to study the effects of carbon sequestration in New Hampshire forests upon state and local tax revenue, effective forest management, and the health of New Hampshire's logging industry.

Be it Enacted by the Senate and House of Representatives in General Court convened:

164:1 New Paragraph; Taxation; Forest Conservation and Taxation; Definitions. Amend RSA 79:1 by inserting after paragraph VIII the following new paragraph:

IX. "Pre-sequestration timber tax revenue" means the average of the amounts any municipality received in timber tax revenue from the owner of a parcel of land for the 5 full tax years preceding the tax year in which the owner or the owner's predecessor in interest entered into a legally binding commitment to enroll or register the timber on such land in a carbon sequestration program or to otherwise dedicate the timber on such land to carbon sequestration.

164:2 Taxation; Forest Conservation and Taxation. RSA 79:5 is repealed and reenacted to read as follows:

79:5 General Tax; Credits in Certain Cases.

I. Whenever it shall appear to the assessing officials that a town or city is unreasonably deprived of revenue because of the failure of an owner to cut standing wood or timber when it shall have arrived at the degree of maturity most suitable for its use, such standing wood or timber shall be taxed in the same manner as general property and be subject to the same rights of appeal, the intent being to prevent the holding of standing wood or timber indefinitely without the payment of any taxes. If such standing wood or timber is taxed under the provision of this section, such taxes shall be a credit against any yield tax later imposed.

II. As an alternative to the imposition of the tax provided for in paragraph I, in any tax year the owner may make a payment in lieu of taxes to the town or city equal to the difference between the pre-sequestration timber tax revenue and the actual timber tax paid by the landowner in that year. For any tax year for which the owner elects to make a payment in lieu of taxes under this paragraph, the owner shall notify the town or city in writing of the owner's election on or before December 31 preceding such tax year.

164:3 New Subdivision; Carbon Sequestration Programs Study Commission. Amend RSA 79 by inserting after section 31 the following new subdivision:

Carbon Sequestration Programs Study Commission

79:32 Carbon Sequestration Programs Study Commission. There is established a commission to study the impacts of the growing practice of dedicating tracts of New Hampshire forests to sequestration of carbon emissions.

79:33 Membership and Compensation.

I. The members of the commission shall be as follows:

(a) Two members of the house of representatives, one of whom shall be from the ways and means committee and one of whom shall be at large, appointed by the speaker of the house of representatives.

(b) One member of the senate, appointed by the president of the senate.

(c) The commissioner of the department of revenue administration, or designee.

(d) The commissioner of the department of natural and cultural resources, or designee.

(e) One Coos county commissioner, or designee.

(f) One municipal official with experience in administration of the timber yield tax, appointed by the New Hampshire Municipal Association.

(g) One public member with experience owning and operating a family-owned tree farm, appointed by the governor.

(h) One public member, designated by the current Fee Owner as that term is defined in that certain Grant of Conservation Easement, dated as of October 9, 2003, applicable to approximately 146,400 acres located in Coos County.

(i) One public member with experience owning and operating forest land, designated by the New Hampshire timberland owner's association.

(j) One public member, designated by the New Hampshire Retail Lumber Association.

(k) One public member, designated by the New Hampshire Home Builders Association.

(l) One licensed forester, appointed by the president of the senate.

II. Legislative members of the commission shall receive mileage at the legislative rate when attending to the duties of the commission.

79:34 Duties. The commission shall study:

I. For existing agreements or other arrangements under which New Hampshire landowners have committed any standing timber on their property to the sequestration of carbon emissions through registration with a carbon credit offset registry or similar program, the length of such commitment and any restrictions on or disincentives against logging of such timber.

II. The state and local tax impact of committing New Hampshire forest tracts to carbon sequestration.

III. Whether the state's current system of taxation fairly and proportionally taxes the transactions by which New Hampshire forest tracts are committed to carbon sequestration and the fair market value of those tracts.

IV. Whether other statutory provisions interfere with the power of cities and towns under RSA 79:5 to tax standing timber that has been committed to carbon sequestration.

V. Whether the purchasers of carbon credits generated by carbon sequestration in New Hampshire forests should be taxed by the state for the benefit those credits confer.

VI. The impact on sound forest management practices, including minimization of forest fire risk.

VII. The impact on New Hampshire's logging industry.

VIII. The effect carbon sequestration has on the state and national timber industry and its competitiveness with the timber industries of other states and countries.

79:35 Chairperson; Quorum. The members of the study commission shall elect a chairperson from among the members. The first meeting of the commission shall be called by the senate member. The first meeting of the commission shall be held before September 15, 2025. Six members of the commission shall constitute a quorum.

79:36 Report. The commission shall report its findings and any recommendations for proposed legislation to the speaker of the house of representatives, the president of the senate, the house clerk, the senate clerk, the governor, and the state library before November 1, 2027. The commission shall inform the secretary of state and the director of the office of legislative services when its report has been submitted.

79:37 Moratorium. Between July 1, 2025, and the date upon which the carbon sequestration programs study commission submits its report pursuant to RSA 79:36, no owner of standing timber in New Hampshire on a parcel of more than 500 acres shall enter into, or exercise any unexercised right pursuant to, any agreement or other arrangement to commit any part of such timber or its annual growth to the sequestration of carbon emissions through enrollment or registration with a carbon credit offset program or otherwise. Any such exercise, agreement, or other arrangement shall be void. Any subdivision of an owner's land of 500 acres or less after the effective date of this act shall be subject to the prohibitions in this paragraph. Nothing in this section shall be construed to impair any such owner's existing, legally binding commitment of such timber or annual growth to the sequestration of carbon emissions. If an owner reports, enrolls, registers, or otherwise commits any annual growth to or with a carbon credit offset program the owner shall report such report, enrollment, registration, or other commitment to the department of revenue administration and the tax assessor of the town or city in which the annual growth took place and shall provide documentation establishing that such commitment of annual growth is not subject to the prohibitions in this paragraph. In the application of this paragraph, the owner shall have the burden of establishing that such timber or annual growth is the subject of such a legally binding commitment as of the effective date of this section.

164:4 Repeal.

I. RSA 79:5, II, relative to payments in lieu of taxes is repealed.

II. RSA 79:32 through 79:37, relative to the carbon sequestration programs study commission, is repealed.

164:5 Effective Date.

I. Section 4 of this act shall take effect November 1, 2027.

II. The remainder of this act shall take effect July 1, 2025.

Approved: July 15, 2025
Effective Date:
I. Section 4 effective November 1, 2027
II. Remainder effective July 1, 2025