

Amendment to HB 123

1 Amend the title of the bill by replacing with the following:

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

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8 Amend the bill by replacing all after the enacting clause with the following:

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10 1 New Paragraph; Taxation; Forest Conservation and Taxation; Definitions. Amend RSA 79:1
11 by inserting after paragraph VIII the following new paragraph:

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

17 2 Taxation; Forest Conservation and Taxation. RSA 79:5 is repealed and reenacted to read as
18 follows:

19 79:5 General Tax; Credits in Certain Cases.

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

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

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

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

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

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

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

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

13 79:35 Chairperson; Quorum. The members of the study commission shall elect a chairperson
14 from among the members. The first meeting of the commission shall be called by the senate
15 member. The first meeting of the commission shall be held before September 15, 2025. Six members
16 of the commission shall constitute a quorum.

17 79:36 Report. The commission shall report its findings and any recommendations for proposed
18 legislation to the speaker of the house of representatives, the president of the senate, the house
19 clerk, the senate clerk, the governor, and the state library before November 1, 2027. The commission
20 shall inform the secretary of state and the director of the office of legislative services when its report
21 has been submitted.

22 79:37 Moratorium. Between July 1, 2025, and the date upon which the carbon sequestration
23 programs study commission submits its report pursuant to RSA 79:36, no owner of standing timber
24 in New Hampshire on a parcel of more than 500 acres shall enter into, or exercise any unexercised
25 right pursuant to, any agreement or other arrangement to commit any part of such timber or its
26 annual growth to the sequestration of carbon emissions through enrollment or registration with a
27 carbon credit offset program or otherwise. Any such exercise, agreement, or other arrangement shall
28 be void. Any subdivision of an owner's land of 500 acres or less after the effective date of this act
29 shall be subject to the prohibitions in this paragraph. Nothing in this section shall be construed to
30 impair any such owner's existing, legally binding commitment of such timber or annual growth to
31 the sequestration of carbon emissions. If an owner reports, enrolls, registers, or otherwise commits
32 any annual growth to or with a carbon credit offset program the owner shall report such report,
33 enrollment, registration, or other commitment to the department of revenue administration and the
34 tax assessor of the town or city in which the annual growth took place and shall provide
35 documentation establishing that such commitment of annual growth is not subject to the
36 prohibitions in this paragraph. In the application of this paragraph, the owner shall have the

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1 burden of establishing that such timber or annual growth is the subject of such a legally binding
2 commitment as of the effective date of this section.

3 4 Repeal.

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

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

7 5 Effective Date.

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

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

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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.