

February 10, 2025

Chairman Diane Pauer
House Municipal & County Government Committee
State House Room 103
Concord, NH 03301

Re: HB123, enabling municipalities to tax standing wood and timber on land used for carbon sequestration

Dear Chairman Pauer and Committee Members:

I am writing to provide The Nature Conservancy's (TNC's) concerns with HB123, which would undermine efforts to encourage sustainable forestry and could penalize landowners who seek to keep forests as forests to provide a broader range of benefits to the state, its residents, and visitors. TNC appreciates the issues created in the North Country resulting from reduced timber harvesting on a key parcel, but we believe that this proposed solution could cause unintended consequences across the state.

Since 1961 TNC has been working in New Hampshire to conserve the lands and waters on which all life depends, including helping landowners use nature-based solutions to adapt to extreme weather and maintain forests and natural lands. We provide support to forestland owners who implement sustainable management practices on their property. This includes a partnership with the [American Forest Foundation](#) in support of the [Family Forest Carbon Program](#), which provides opportunities for smaller landowners, who own at least 30 acres, to improve forest management practices and access an additional revenue source to maintain their forested lands. This program can provide an additional tools and financial resource that complement a landowner's wishes for maintain their forests, including harvesting and other goals. Because forests in New Hampshire provide such a broad range of benefits – economic, recreational, habitat, clean air and clean water – we support programs that can help preserve them for future generations.

Last session TNC worked with a broad range of stakeholders on three bills that sought to restrict, control, or tax participation in forest carbon programs, resulting in the passage of one bill (HB1697 of 2024) that directed the Department of Natural and Cultural Resources (DNCR) to create a public registry of properties enrolled in such programs. The registry is now live and available on DNCR's website.¹ The bill also required the Department of Revenue Administration to study “issues related to lost timber tax revenue as a result of forest lands located within New Hampshire being enrolled in carbon credit offset programs.” DRA has completed the first report of this work, available its website.² The second report, with updated analysis, is due to the Legislature on November 1, 2025. We respectfully suggest that before additional legislation is considered, the Committee review these reports and consider waiting until the next DRA report is completed later this year.

¹ <https://www.dncr.nh.gov/news-and-media/registry-nh-carbon-credit-properties-now-available-online>.

² <https://www.revenue.nh.gov/sites/g/files/ehbemt736/files/documents/prelim-rpt-impact-carbon-credit-offset-programs-timber-tax-revenue.pdf>.

We share concerns regarding challenges facing natural resource economies, particularly in the northern and rural parts of our state, as well as the impacts of extreme weather on natural systems including our forests. However, we do not support policies that seek to penalize landowners who wish to invest in and steward the state's important forest resources. Taxing "standing timber" – or living trees – and putting the government in the role of deciding when trees should be harvested and when would undermine efforts across the state to protect forests, and would put local and state regulators in challenging positions. Should the committee wish to pursue legislation in this area, we welcome the opportunity to contribute to finding solutions that allow New Hampshire landowners to sustain their working lands and open spaces in ways that do not impede good forest management.

Respectfully,



Meredith A. Hatfield
Associate Director for Policy & Government Relations
The Nature Conservancy NH