March 17, 2025

Minnesota Senate Tax Committee

328 Capitol

St. Paul, MN 55155-1606

Subject: Opposition to S.F. No. 2374 - Reducing Sustainable Forest Incentive Act (SFIA) Payments

Dear Minnesota Senate Tax Committee,

I am writing to express my strong opposition to the portion of S.F. No. 2374 that proposes a 30% annual reduction in Sustainable Forest Incentive Act (SFIA) payments from Fiscal Year 2026 to 2029.

I am an individual that has recently entered a 20-year contract with the State of Minnesota SFIA program. To enter this program, I was required to make a significant investment in creating a Woodland Stewardship Plan with a licensed forester – a plan that is in conjunction with the State of Mn best forestry practices. In concurrence with this plan, I am reforesting a significant amount of the property with nursery trees purchased from State of Minnesota Tree nurseries; all at my expense. Along with a large capital outlay, I also had to make a commitment to not develop or commercially harvest this land.

All these financial decisions were made based on the income stream that was projected to be received by enrolling in this program. The revenue I have seen in this program has been consistent over the years and I based my enrollment on the fact that "The calculated payment must not increase or decrease by more than ten percent relative to the payment received for the previous year." Minnesota Statutes 290C.07(b).

Based on this statute, I entered this contract and since this contract is a legal, binding obligation, I do not believe this proposed bill is legal as written. A 30% reduction in payments is outside the 10% decrease that is in my contract with the State of Minnesota.

A payment decrease of 30% would undermine my decision to enter this contract. If I were to try to back out of the contract, I would face very stiff penalties including paying back all payments plus interest. My intention when entering this contact was to legally uphold my side of the agreement for the next 20 years. I expect that the State of Minnesota to uphold their obligation as well and I strongly oppose this bill as written.

Sincerely,

David Buxengard