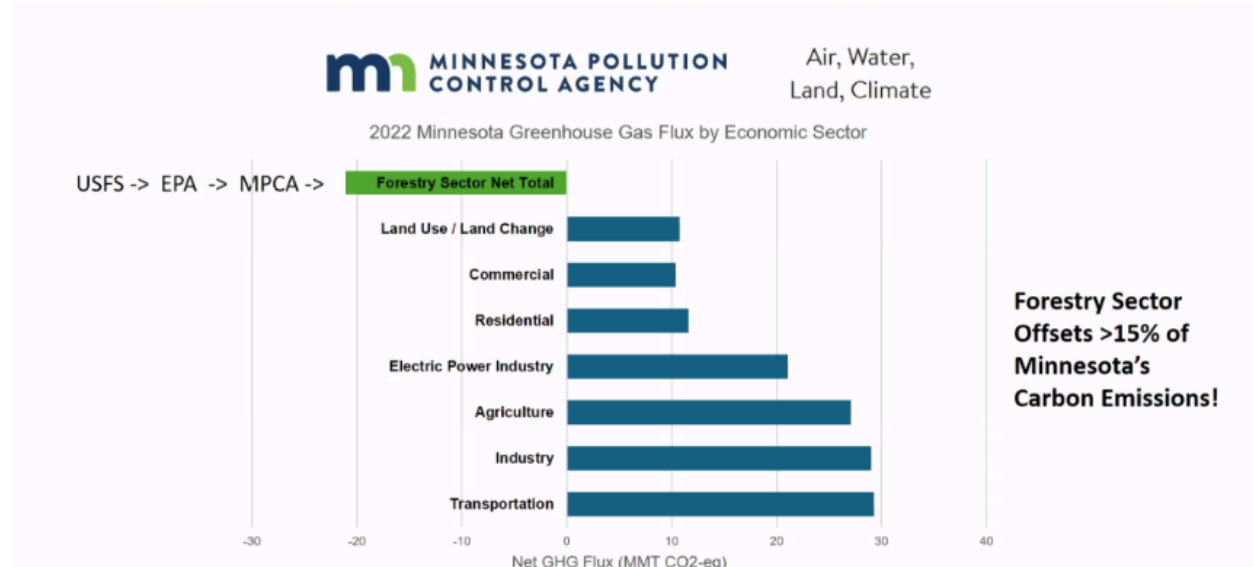


Testimony Opposing Senate File 2374 Regarding Sustainable Forest Incentive Act Payments

Honorable Members of the Tax Committee:

My name is Brian Huberty, and I am the President of the Minnesota Forestry Association. We are writing today to express our strong opposition to Senate File No. 2374 and specifically the provisions within it that propose significant reductions to the Sustainable Forest Incentive Act (SFIA) payments. We know this portion of the bill is not in the best interests of Minnesota woodland owners and the long-term health and productivity of Minnesota's forests.

Minnesota's Forest Carbon Baseline



Both our natural and managed forests across the state offset more than 15% of Minnesota's carbon emissions. Forestry is our only sector which grows and stores carbon. This bill will not help reduce our carbon footprint.

The Minnesota Forestry Association represents a diverse group of individuals and organizations deeply committed to the sustainable management of our state's valuable forest resources. This includes over 200,000 woodland owners across the state. That is nearly three times the number of farmers in our state.

The SFIA program, established in 2001 under Minnesota Chapter 290C, has been a cornerstone in encouraging private forest landowners to make long-term commitments to responsible forest stewardship. These landowners, who collectively manage over **40%** of Minnesota's **17** million forested acres, play a vital role in our state's economy, environment, and recreational opportunities.

S.F. No. 2374 proposes a **30% annual reduction in SFIA payments from Fiscal Year 2026 to 2029**. We find this proposal deeply concerning for several critical reasons:

- **Breach of Contract and Violation of Statute:** Landowners enrolled in the SFIA program do so under legally binding contracts with the State of Minnesota, with covenant terms extending up to 50 years. These contracts outline specific responsibilities for landowners, including adhering to sustainable forest management plans, following harvesting guidelines, and often providing public access. In return, landowners are promised an annual payment based on an established formula. **Minnesota Statutes 290C.07(b) explicitly states that "The calculated payment must not increase or decrease by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than the amount paid to the claimant for the land enrolled in the program in 2017"**. The proposed reduction in S.F. No. 2374 directly violates this statute and fundamentally alters the terms of the agreements made with participating landowners.
- **Negative Impact on Landowner Confidence and Program Integrity:** The State's commitment to upholding its agreements is paramount to maintaining the trust and participation of private landowners in conservation programs like SFIA. If the State demonstrates a willingness to renege on its commitments, it will severely damage public perception of long-term conservation agreements, discouraging future enrollment in SFIA and other vital programs. The onerous penalties for landowners who violate their covenants stand in stark contrast to the State seemingly altering its obligations on a whim to address budget shortfalls.
- **Undermining Climate Goals:** Minnesota has set ambitious goals for addressing climate change. Our forests play a crucial role in achieving these goals as the **forestry sector is net carbon negative, annually absorbing a significant portion of the state's carbon emissions**. The SFIA program directly supports forest management practices that enhance carbon sequestration by encouraging landowners to keep their land forested and sustainably managed. Reducing SFIA payments jeopardizes these efforts and runs counter to the Walz Administration's climate action agenda.
- **Potential Loss of Program Benefits:** The SFIA program delivers significant public benefits beyond carbon sequestration. It **prevents land parcelization, limits development, encourages sustainable forest management, and provides public recreation on hundreds of thousands of acres**. Past instances of payment caps led to landowners unenrolling from the program, resulting in loss of public access. S.F. No. 2374 could trigger a provision allowing immediate withdrawal from SFIA if the payment formula is altered to reduce payments. **Mass unenrollment could lead to unsustainable forestry practices, increased land development, and the loss of public access to these valuable forestlands**. This would also negatively impact wildlife habitat, biodiversity, and forest management efficiencies.

The Sustainable Forest Incentives Act has proven to be an effective tool in promoting responsible land stewardship and long-term forest management in Minnesota. It incentivizes landowners to make long-term commitments to our forests.

Therefore, the Minnesota Forestry Association strongly urges this committee to **remove the proposed reductions to the Sustainable Forest Incentive Act payments from Senate File No. 2374**. Upholding the State's commitments to woodland owners under the SFIA program is essential for maintaining the integrity of conservation programs, supporting our climate goals, and ensuring the continued health and productivity of Minnesota's forests for the benefit of all Minnesotans.

The Minnesota Forestry Association was established nearly 150 years ago in 1876 to promote healthy forests. This bill will not promote healthy forests for future generations. Thank you for your time and consideration of our concerns.

Sincerely,

A handwritten signature in black ink that reads "Brian Huberty". The signature is fluid and cursive, with the first name "Brian" and last name "Huberty" clearly legible.

Brian Huberty

President, Minnesota Forestry Association

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