

Senator Ann Rest
Senate Taxes Committee
Capitol Room 328
75 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Re: SF 2374 A4 Amendment -- Senate Taxes Bill

May 7, 2025

Chair Rest and members of the Taxes Committee,

Thank you for the opportunity for The Nature Conservancy (TNC) to comment on the SF2374 A4 amendment to become the committee's bill. The Nature Conservancy is a nonprofit organization working to conserve the lands and water on which all life depends toward our vision where nature and people thrive.

As the committee consider this proposal, we write to share how proposed changes will impact people and nature and the challenges facing Minnesota's climate, natural resources, and biodiversity.

- 1) **Exempt property used by private entity for profit.** We are pleased to see the inclusion of this provision from SF49 (Weber) in Article 2, Section 1 that will help expand ranchers' grazing potential while also expanding the use of grazing as a grassland conservation management tool. As the committee heard earlier this session, this provision would support TNC's ability to conduct prairie management on certain tax-exempt lands by enabling the use of rotational and ecologically-driven cattle grazing by ranchers as a conservation tool, without undermining the organization's nonprofit status. This budget-neutral provision will help provide innumerable benefits including robust habitat for wildlife and pollinators, carbon sequestration, preservation of native grasses, all while expanding access to grass in ranching communities around the state.
- 2) **Sustainable Forest Incentive Act (SFIA) Payments Reduction and Statutory Changes:** While we are generally concerned about any proposal that reduces incentives for landowners participating in conservation, we appreciate that this proposal, in Article 10 Section 22, calls for only a 10% reduction in SFIA payments, a rate relatively consistent with existing statute. While it will yield reductions that are still significant to enrollees, this reduction is aligned to some extent with agreements enrollees have made with the State. We are particularly concerned, however, about the complement to the SFIA provision in Article 10, Section 39, that would allow enrollees to withdraw from the program without penalty and break their long-term covenants early as a condition of the rate change. We are also concerned that the reduction provision does not have a sunset, and encourage the committee to consider an end date for the reduction.

Though TNC is a landowner enrolled in the program and our payments would be negatively impacted by the proposal, our primary concern is regarding the overall impact to forests in the state and tackling climate change. SFIA helps more forests store carbon and provide multiple benefits for water quality, water quantity, habitat, outdoor recreation, and wood products by supporting

landowners to retain large forest tracts in the state. There is a significant risk for loss of forested lands should the current proposal of incentive reductions move forward.

- 3) **Sustainable Aviation Fuel (SAF) Tax Credit Biomass Definition:** We appreciate that-- included in the SAF credit-- there is an updated definition for biomass that reflects consultation with many interested parties and reflects sourcing from lands with long-term and significant documented cropping history.
- 4) **Payment in Lieu of Taxes (PILT):** We appreciate the committee did not make changes to PILT in the A4 amendment. PILT is an important tool that supports counties' property tax base in exchange for conservation of prairies, forests, grasslands and other natural lands that benefit all Minnesotans and provide clean air, water, carbon sequestration, habitat, outdoor recreation opportunities and more.

Thank you for your consideration,



Stephanie Pinkalla
Government Relations Director
The Nature Conservancy in Minnesota



Angelica Day
Government Relations Specialist
The Nature Conservancy in Minnesota