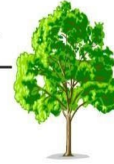




ASSOCIATION OF FOREST INDUSTRIES, INC.

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February 10, 2026

HONORABLE MEMBERS OF THE SENATE EDUCATION, ENERGY AND THE ENVIRONMENT COMMITTEE

SUPPORT FOR SENATE BILL 257

MEL NOLAND WOODLAND INCENTIVES & FELLOWSHIP FUND - REPORTING

The Association of Forest Industries (AFI) is the representative voice of Maryland's forest industry at both the State and local government level.

Bill Miles, Advocate (billmilesmd@comcast.net)

The Association of Forest Industries (AFI) commends Senator Simonaire for introducing Senate Bill 257 which is of the utmost fiscal importance to Maryland's forest community as explained herein. The proposed legislation is about ensuring transparency and accountability on how agricultural transfer tax revenues – imposed on the conversion of forest land to non-forest land after having enjoyed a lower property tax assessment – are annually credited to the **Mel Noland Woodland Incentives & Fellowship Fund (Fund)** and duly documented by DNR.

§13–306(3)(i) of the Tax Property Article states the following:

“(3) The Comptroller shall deposit: (i) up to \$200,000 annually of the revenue remitted under paragraphs (1)(i) and (2)(i) of this subsection or subsection (b) of this section – *that is, the agricultural land transfer tax that is attributable to the taxation of instruments of writing that transfer title to parcels of land that are entirely woodland* -- to the Mel Noland Woodland Incentives Fund established in § 5–307 of the Natural Resources Article.”

This section was enacted by Chapter 620, Acts of 1986.

The purpose of the Fund – via § 5–307 Natural Resources Article – ranges from encouraging forest landowners to adopt stewardship plans and pursuing a carbon sequestration strategy to creating a forest marketing and utilization program in the Department to provide financial assistance to help support, stimulate, and market innovative and creative ways to enhance the production of value-added wood products.

For years Maryland's forest community questioned the accuracy of the annual distribution of agricultural land transfer tax revenues to the Fund, but to no avail. AFI presented its case to the State Auditor (Office of Legislative Audits) in early 2025.

On April 24, 2025, the State Auditor issued a fiscal compliance audit of the Department of Natural Resources covering the period beginning August 6, 2019, and ending December 31, 2023. Among other things, the State Auditor reported the following:

"We received a referral to our fraud, waste, and abuse hotline which noted that DNR was not receiving the maximum amount in the Mel Noland Woodland Incentives Fund as allowed under State law. Based on our review, we were able to substantiate concerns raised in the allegation. Specifically, we noted that DNR did not use available information to ensure the Comptroller of Maryland (COM) transferred certain required revenue into the Fund. Our analysis disclosed that for fiscal years 2020 to 2023 the COM did not transfer \$430,225 of the \$706,715 it should have under State law."

<https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DNR25.pdf>

Consequently, the State Auditor recommended that DNR "(1) ensure the Comptroller deposits the correct amount into the Fund going forward, and (2) work with the Comptroller to recover the \$430,225 in funds."

DNR concurred with the State Auditor's findings and committed to comply by December 31, 2025.

Given the State Auditor's findings about the \$430,225 shortfall during the fiscal year 2020 to 2023 period, it is fair to ask how much more has the Fund been shortchanged over the past 39 years, aka 1986 through 2025, to the detriment of sustainable forestry management? A review of Maryland's nationally acclaimed **Sustainable Forestry Act of 2009** (Chapter 175) declares the importance of sustainable forestry management to the Chesapeake Bay restoration effort and outlines responsive strategies via the Fund.

https://mgaleg.maryland.gov/2009rs/chapters_noln/Ch_175_sb0549T.pdf

IN CLOSING, AFI recognizes that Maryland is facing budgetary challenges and is not advocating for full retroactive reimbursement to the Fund, notwithstanding the \$430,225 sought by the State Auditor. *However, it would be helpful to have an accurate accounting of this four-decade shortfall for reasons self-evident.* AFI sees enactment of SB 257 as a warranted measure of accountability, long overdue in the eyes of Maryland's forest community and, hopefully, the 2026 Maryland General Assembly.

