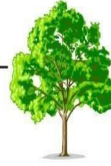




ASSOCIATION OF FOREST INDUSTRIES, INC.

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April 1 , 2026

## HONORABLE MEMBERS OF THE HOUSE ENVIRONMENT COMMITTEE & TRANSPORTATION COMMITTEE

### SUPPORT FOR SENATE BILL 257

#### MEL NOLAND WOODLAND INCENTIVES & FELLOWSHIP FUND - REPORTING

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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)

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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.

At issue is the annual distribution of agricultural land transfer tax dollars to the **Mel Noland Woodland Incentives and Fellowship Fund** ("Fund") under §13-306(3)(i) of the Tax Property Article which states:

"(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 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 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.

On April 24, 2025, the Office of Legislative Audits released 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, OLA reported

“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/NoPbITabPDF/DNR25.pdf>

Consequently, OLA 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 OLA’s findings and committed to comply by December 31, 2025.**

Given OLA’s findings about the \$430,225 shortfall to the Fund over this four-year period, it is reasonable to question how much additional revenue may have gone undistributed to the Fund over the past 39 years, aka 1986 through 2025. Imagine further how the Fund could have facilitated compliance with its statutory mandate under § 5–307 Natural Resources Article if the Fund had indeed received its full statutory \$ amount?

IN CLOSING, AFI recognizes that Maryland faces serious structural budget challenges and is not advocating for full retroactive reimbursement to the Fund pursuant to §13–306(3)(i) of the Tax Property Article. AFI sees

enactment of Senate Bill 257 as a prudent, forward-looking measure to protect an important investment in Maryland's forest economy.

