

DANA M. STEIN
Legislative District 11B
Baltimore County

Environment and Transportation
Committee

Chair
Environment Subcommittee

Joint Committee on Legislative Ethics



The Maryland House of Delegates
6 Bladen Street, Room 301
Annapolis, Maryland 21401
410-841-3527
800-492-7122 Ext. 3527
Dana.Stein@house.maryland.gov

The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

Testimony in Support for HB 533

Mel Noland Woodland Incentives & Fellowship Fund – Reporting

Mr. Chair, Madam Vice Chair, and members of the Environment and Transportation Committee:

House Bill 533 concerns the Mel Noland Woodland Incentives and Fellowship Fund (Fund), which is administered by the Department of Natural Resources (DNR). The Fund assists private landowners with sustainable forest management, among other things, while the Fellowship component supports students pursuing careers in natural resource-related fields. By promoting sustainable forestry, the Fund also supports restoration of the Chesapeake Bay, consistent with Maryland's nationally recognized Sustainable Forestry Act of 2009 (Chapter 175).

The primary funding source for the Fund is the agricultural land transfer tax associated with forest conversion. This tax is imposed when parcels that are entirely wooded are converted from forestry use to non-forestry use after having received a lower property tax assessment. Counties collect this tax and remit the proceeds to the State Comptroller, which is then required by law to credit those funds to the Fund, up to \$200,000 annually.

For several years, concerns have been raised about whether all forest-conversion-related agricultural land transfer tax revenues required by law have in fact been deposited into the Fund. In response to these concerns, the State Auditor issued a fiscal compliance audit of DNR covering fiscal years 2020 through 2023. The audit found that DNR did not adequately ensure that required transfers were made and that \$430,225 of the \$706,715 owed under State law during that period was NOT deposited into the Fund. The Auditor recommended corrective action to ensure accurate transfers going forward and to pursue recovery of the missing \$430,225 funds in coordination with the Comptroller.

DNR concurred with the Auditor's findings and recommendations.

HB 533 builds directly on the Auditor's recommendations by establishing a clear and ongoing reporting requirement to the General Assembly. The bill requires DNR to report annually on the amount of agricultural land transfer tax revenue attributable to woodland conversions that was distributed to the Fund, to identify any uncertainties regarding required transfers, and to explain the steps being taken to resolve those uncertainties.

This reporting requirement will help ensure transparency, accountability, and compliance with Section 5-307 of the Natural Resources Article. Most importantly, it will help ensure that the Mel Noland Woodland Incentives and Fellowship Fund receives the resources the General Assembly intended when it established the Fund.