

MFA Support HB533 - Mel Noland Woodland Incentives

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Position: FAV



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Maryland's voice for forest, wildlife, and natural resource management

February 16, 2026

The Honorable Marc Korman, Chair

The Honorable Michele Guyton, Vice-Chair

Environment & Transportation Committee

Taylor House Office Building

Annapolis, Maryland 21401

Re: HB533 Mel Noland Woodland Incentives and Fellowship Fund- Reporting

Dear Chairman Korman, Vice-Chair Guyton, and Members of the Committee,

On behalf of the **Maryland Forests Association (MFA)** — representing Maryland's forest landowners, forest products businesses, and forestry professionals — we respectfully submit this testimony in **support of House Bill 533**.

HB 533 strengthens transparency and accountability by requiring the Department of Natural Resources (DNR) to provide clearer reporting on revenues and expenditures associated with the **Mel Noland Woodland Incentives and Fellowship Fund**. This improved reporting will help policymakers and stakeholders better understand how funds are received, distributed, and used.

Why the Mel Noland Fund Matters

The Mel Noland Woodland Incentives and Fellowship Fund is essential to Maryland's efforts to support active and sustainable management of private woodlands. The Fund helps finance the **Woodland Incentive Program (WIP)**, a cost-share program administered by the Maryland Forest Service that enables private landowners to implement forest stewardship practices, including reforestation, timber stand improvement, and the development of Forest Stewardship Plans. By offsetting a significant portion of project costs, WIP makes responsible forest management financially feasible for landowners who might otherwise be unable to invest in long-term stewardship.

These investments generate measurable public benefits, including improved water quality in the Chesapeake Bay watershed, enhanced wildlife habitat, increased forest health and resilience, and sustained timber productivity. The Fund also supports the **Mel Noland Fellowship Program**, which helps train the next generation of forestry professionals and strengthens Maryland's natural resource workforce.

Importantly, the Mel Noland Fund is the only dedicated state funding source supporting **forest stewardship, marketing, and utilization activities in Maryland**. These functions are interconnected: healthy forests require active management, and active management depends on strong markets and infrastructure to utilize forest products. Without this funding, Maryland risks losing critical capacity to support landowners and sustain working forests.

Impact of the Fund in Practice

The Mel Noland Fund has supported a wide range of on-the-ground forestry projects that deliver environmental and economic benefits across the state, including these recent accomplishments:

- Promoting workforce development by providing financial assistance for numerous forestry programs such as the Natural Resource Career Camp, Urban Forestry Camp, Junior Achievement of the Eastern Shore, Evergreen Heritage Center, and St. Mary's Career and Technology Academy.
- Eradicating Spongy Moth on more than 37,000 acres of white oak forest.
- Leveraging funds for a wood energy engineering study at Frostburg State University, which would create jobs, keep money in the local economy by providing a much-needed market for low-value wood, and assist in meeting renewable energy goals.

At the same time, demand for assistance consistently exceeds available funding. As a result, important stewardship and utilization projects have been delayed or unable to proceed, including:

Examples of worthwhile projects not funded due to insufficient resources:

- A wood energy project slated for Garrett County failed to come to fruition due to a lack of funding available for the match required by a federal grant.
- DNR was unable to provide a match to the only capital grant program for the forestry sector, WIPIEI, administered by MARBIDCO.
- The creation of the Forest Markets Council, envisioned by the Forestry Economic Adjustment Strategy, has stalled due to a lack of funding and support staff.
- An effort to stand up a workforce training for Timber Stand Improvement crews geared towards veterans transitioning to civilian life has also been held up due to a lack of funding.

These unmet needs highlight the importance of clear reporting on Fund revenues and expenditures. Accurate, transparent information will help the General Assembly evaluate whether funding levels are sufficient to meet Maryland's forest stewardship goals. We believe Mel Noland has been historically underfunded. We ask that priority be given to keeping this crucial program properly funded.

Conclusion

Forests are our greatest renewable resource. The programs, practices, and projects supported by the Mel Noland Fund are essential to the forest supply chain. HB 533 is a practical and important step toward ensuring transparency in a program that plays a critical role in maintaining healthy forests and a strong forest economy. Clear reporting will support informed decision-making and reinforce confidence that funds are being transferred and used effectively to benefit Maryland's environment and rural communities.

For these reasons, the Maryland Forests Association respectfully urges a **favorable report on House Bill 533**.

Thank you for your consideration.

Respectfully submitted,



Elizabeth D. Hill
Executive Director
Maryland Forests Association

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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.

HB 533 support MFF Feb 26 docx.pdf

Uploaded by: gary allen

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February 5, 2026

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Mr. Chairman and MEMBERS OF THE HOUSE Environment and Transportation Committee

Support for HB 533

MEL NOLAND WOODLAND INCENTIVES & FELLOWSHIP FUND – REPORTING

The Maryland Forestry Foundation coordinates the work of Maryland's Forestry Board and works with landowners, the education community, and government at all levels on tree planting and a variety of forestry programs. We have long noted the shortfall in deposits to the Mel Noland fund for forest land sales. For many years, in more than half of all counties, no such sales were reported; therefore, no tax deposits were transferred to the fund. While small by some standards, the current \$200,000 tax cap is significant for many forestry programs. The issues leading to this situation were ignored or overlooked.

The recent State Auditor's report substantiated our concern and recommended correcting and recovering over \$430,000 for the years 2020 to 2023. We believe the actual shortfall has exceeded two million dollars over the past several decades.

The proposed legislation recognizes Maryland's budgetary challenges and does not advocate full retroactive reimbursement to the Fund, despite the \$430,225 sought by the State Auditor. *However, it would be helpful to have an accurate accounting of this four-decade shortfall.* The Foundation joins others in the forestry community and **STRONGLY SUPPORTS** the enactment of HB 533 as a fully warranted measure of long-overdue accountability. We ask for your support for this legislation and for the transparency and full accounting required.

Sincerely,

Gary G. Allen

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President, Maryland Forestry Foundation
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HB0533 - Mel Noland Woodland Incentives and Fellow

Uploaded by: Leeza DeCheubel

Position: FAV



Testimony in Support of
House Bill 533 - Mel Noland Woodland Incentives and Fellowship Fund - Reporting
Environment and Transportation Committee
February 18, 2026

The Rural Maryland Council **supports House Bill 533 - Mel Noland Woodland Incentives and Fellowship Fund - Reporting**. This bill strengthens legislative oversight and transparency by requiring the Department of Natural Resources (DNR) to provide detailed annual reporting on the use of funds credited to the Mel Noland Woodland Incentives and Fellowship Fund. Specifically, HB 533 requires DNR to report on how fund revenues are used, the amount of agricultural land transfer tax proceeds distributed to the fund from woodland-only property transfers, and any uncertainties regarding those distributions.

The Mel Noland Woodland Incentives and Fellowship Fund plays an important role in supporting Maryland's forestry workforce and woodland stewardship efforts. Clear and consistent reporting ensures that funds intended to support forestry incentives and professional development programs are properly tracked, fully allocated, and used as intended. Increased transparency also helps policymakers identify funding gaps, resolve uncertainties, and make informed decisions that support long-term workforce and conservation goals.

Maryland's forestry industry is a vital component of the State's rural economy. A recent economic impact study by BEACON at Salisbury University, conducted with support from the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), found that forestry contributes more than \$4.1 billion to Maryland's economy, represents nearly 14% of resource-based industry activity, supports over 14,000 jobs statewide, and generates more than \$139 million in State and local tax revenue. Ensuring accountability in programs that support this industry is critical to maintaining its economic strength and sustainability.

As demand for forestry education, workforce development, and woodland incentive programs continues to grow, accurate reporting is essential to ensure that available resources are maximized and directed where they are most needed. HB 533 provides the General Assembly with the information necessary to evaluate program effectiveness and ensure that revenues dedicated to forestry initiatives are fully and appropriately utilized.

For these reasons, the Rural Maryland Council respectfully requests a favorable report on HB 533.

AFI's Position on House Bill 533.pdf

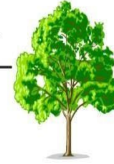
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February 18 , 2026

HONORABLE MEMBERS OF THE HOUSE ENVIRONMENT COMMITTEE & TRANSPORTATION COMMITTEE

SUPPORT FOR HOUSE BILL 533

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 Delegate Stein for introducing House Bill 533 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 House Bill 533 as a prudent, forward-looking measure to protect an important investment in Maryland’s forest economy.



HB0533_DNR_LOI_ENT_2-18-26.pdf

Uploaded by: Lydia McPherson

Position: INFO



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

February 18, 2026

BILL NUMBER: HOUSE BILL 533 – FIRST READER

SHORT TITLE: MEL NOLAND WOODLAND INCENTIVES AND FELLOWSHIP FUND - REPORTING

DEPARTMENT'S POSITION: LETTER OF INFORMATION

EXPLANATION OF DEPARTMENT'S POSITION

House Bill 588 would impose new reporting requirements that would require the Department of Natural Resources (DNR) to obtain and reconcile financial information from multiple external entities.

Over the past several months, DNR has worked extensively with the Revenue Accounting Division (RAD) of the Comptroller's Office and Maryland Department of Assessments and Taxation (SDAT) to investigate the audit finding from DNR's most recent audit report from the Office of Legislative Audit (OLA). DNR worked with both agencies to better understand SDAT's annual reporting and RAD's collection and distribution of the agricultural transfer tax attributable to woodland properties.

SDAT issues an annual report on woodland property transfers by county. Each county collects agricultural land transfer tax and remits a portion of the taxes collected to the Comptroller's office. The amount remitted is dependent upon numerous factors, including whether or not the county has a certified Maryland Agricultural Land Preservation Foundation (MALPF) program. The Comptroller then deposits the amount collected from the counties annually into the Mel Noland Woodland Incentives and Fellowship Fund, up to a maximum amount of \$200,000.

DNR, SDAT, and the Comptroller's office are considering ways to improve the coordination between the three agencies and the local county collection offices. Updated guidance on how to accurately complete the associated forms and tax remission might be beneficial. We also discussed potentially seeking a new version of the Comptroller's form to more clearly identify what percentage of the total agricultural land transfer tax collected by each county is being remitted. Implementing these improvements would help to resolve the procedural uncertainties that formed the basis of the OLA finding, and discussions around potential improvements will continue.

The bill expands an existing annual report to the Senate Committee on Education, Energy, and the Environment and the House Environment and Transportation Committee to include: (1) the amount of agricultural land transfer tax proceeds attributable to transfers of entirely woodland parcels that were distributed to the Fund during the preceding fiscal year; and (2) any uncertainties regarding the total amount of proceeds required to be

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distributed to the Fund, including the actions necessary to resolve those uncertainties. The department would need to rely heavily on information from our sister agencies to meet this reporting requirement.

BACKGROUND INFORMATION

The Mel Noland Woodland Incentives and Fellowship Fund (the Fund) supports the Woodland Incentives Program, associated cost-share assistance, and the Mel Noland Fellowship Program. The Fund is supported by proceeds from the agricultural land transfer tax attributable to transfers of parcels that are entirely woodland with an annual cap of \$200,000.

Current law requires the Department of Natural Resources (DNR) to submit an annual report to the General Assembly regarding the use of funds credited to the Fund. HB 533 expands this reporting requirement to include detailed information on the amount of agricultural land transfer tax proceeds distributed to the Fund during the prior fiscal year, as well as an explanation of any uncertainties related to the amount required to be distributed.

BILL EXPLANATION

HB 533 requires DNR, on or before September 30 of each year, to report to the Senate Committee on Education, Energy, and the Environment and the House Environment and Transportation Committee on:

1. The amount of agricultural land transfer tax proceeds attributable to transfers of entirely woodland parcels that were distributed to the Fund during the immediately preceding fiscal year; and
2. If the Department is uncertain about the total amount of proceeds required to be distributed to the Fund, a description of those uncertainties and the actions required to resolve them.