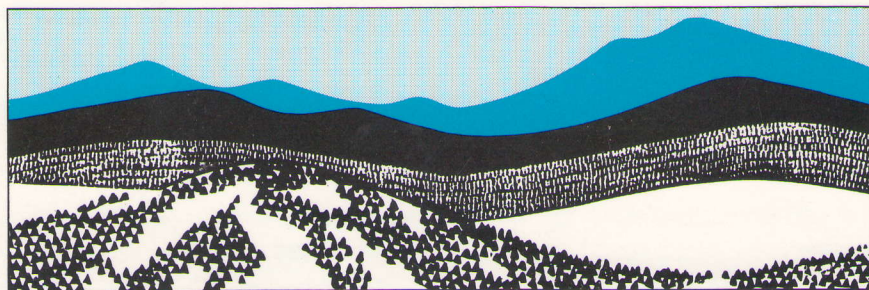


# Finding Common Ground: Conserving the Northern Forest

*The recommendations of the  
Northern Forest Lands Council*



September 1994

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## **Northern Forest Lands Council**

**54 Portsmouth Street, Concord, NH 03301**

**September 1994**

**Dear Governors Cuomo, DeanMcKernan and Merrill, and Members of Congress:**

**We are pleased to present the recommendations of the Northern Forest Lands Council. This report culminates an effort that began in 1988 with the Northern Forest Lands Study and the Governors' Task Force on Northern Forest Lands.**

**In creating the Council, you asked us to continue the work of the Governors' Task Force and identify ways to reinforce the region's traditional patterns of land ownership and use. We accomplished this in several ways: contracting research, sponsoring forums, holding public discussions, and overseeing a natural and economic resource inventory. We appreciate your giving us the opportunity to work on issues of such importance to the region's future. We are grateful for your confidence and for the support you have provided over the years.**

**The Council's deliberations have produced six distinct products:**

- 1. This report of our recommendations.**
- 2. A compilation of the findings from our research.**
- 3. The specific research studies, published as a technical appendix.**
- 4. The compilation of natural resource and economic information by the states' resource inventories.**
- 5. The summary of comments from thousands of people on our work and process.**
- 6. The Council's consensus-building process that brought together widely-disparate views on issues of common concern.**

**Our recommendations are rooted in and advance a broadly shared vision of the Northern Forest. We see a region where residents and visitors alike benefit from extensive forests rich in natural resources and natural values. The forest of our vision provides a sound foundation for a diversified economy and stable communities, opportunities for quality recreation, and long-term protection of the diversity of plant and animal species residing here.**

**This report proposes specific actions to help fulfill that vision through a balanced approach, while maintaining the region's traditional character and use. Our strategy is guided by principles developed during our work. It calls for immediate and sustained actions by all levels of government and the private sector. We strongly recommend redirecting existing funds to address these priority actions.**

**In addition to these recommendations, a key outcome of this process has been the development of better communications between the various stakeholders, both private and public. We encourage further constructive dialogue and pledge to work in our capacity as private citizens to facilitate its continuation.**

**In the same spirit that the Council members and the public have worked together to build a strong foundation for these recommendations, we hope you will join forces and act with conviction to protect these Northern Forest Lands for us and for the generations to follow.**

**Sincerely,**

- Jerry A.Bley**
- JaniceMcAllister**
- C. Edwin Meadows, Jr.**
- RogerMilliken, Jr.Paul O.Bofinger**
- John D.Harrigan**
- BeatonMarsh**
- John E. Sargent**
- Robert L.Bendick Jr.**
- Robert S.Stegemann**
- Barbara Sweet**
- Neil F. Woodworth**
- Richard G.Carbonetti**
- Peter B. Meyer**
- Conrad M.Motyka**
- Brendan J.Whittaker**
- Michael T. Rains**

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## Introduction

Since its creation in 1990, the Northern Forest Lands Council has been seeking ways for Maine, New Hampshire, New York, and Vermont to maintain the “traditional patterns of land ownership and use” of the Northern Forest. The Council has conducted in-depth research, assessed data, consulted with experts, held public meetings, and listened to thousands of people who care deeply about what happens in and to the region. The Council has weighed options for action to fulfill its mission in an atmosphere of open public participation.

This report, a follow-up to our draft recommendations report, *Finding Common Ground*, released in March 1994, represents the work of many individuals, thousands of pages of studies, and hundreds of hours of forums and public meetings. It comes out of the intense, often difficult dialogue among the Council members themselves.

This report is divided into the following sections:

- A brief overview of the Northern Forest and the history of why the Council came into being
- A review of what we learned from the public in their comments on our draft recommendations, and how their comments helped us to develop these recommendations. (For a comprehensive summary and analysis of the public comments, consult the <MI%-1>Summary of Public Comment on the Draft Recommendations, available from the Council through the end of September 1994 and individual state offices thereafter.)
- A vision of the region’s future derived from what has been learned, and the obstacles that must be overcome to realize that future
- Fundamental principles upon which the Council has based its work
- Concepts that are the foundation for the Council’s recommendations
- The recommendations themselves, with background information and justification for each. (For a complete copy of all Council research, consult its Technical Appendix, published in February 1994 and available at state and selected university libraries around the country.)
- The appendices, as listed on page A-1

## Northern Forest Lands Council Members

### Maine

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*Bley is Principal of Creative Conservation, a natural resource consulting firm; he is a former land use policy director for the Natural Resources Council of Maine.*

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*Johnston is former President of the Maine Forest Products Council, and a former staff member for Senator William S. Cohen of Maine; he was a member of the Governors' Task Force on Northern Forest Lands and served on the Council through May 1994.*

Janice A. McAllister, RR 2, Box 141, Abbot, ME, 04406.

*McAllister is a Selectwoman from Abbot, Maine, and a small forest landowner.*

C. Edwin Meadows, Jr., ME Department of Conservation, State House Station 22, Augusta, ME 04333.

*Meadows, formerly with the Seven Islands Land Company, is Commissioner of the Maine Department of Conservation; he was a member of the Governors' Task Force on Northern Forest Lands.*

Roger Milliken, Jr., Maine Forest Products Council, 146 State Street, Augusta, ME 04330.

*Milliken is Chairman of the Maine Forest Products Council and president of the Baskahegan Company, a family firm which owns and manages forest land in Maine; he replaced Ted Johnston on the Council in June 1994.*

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*Harrigan, a small forest landowner, is also the Publisher and Editor of the Coos County Democrat and long-time resident of the north country.*

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*Stegemann is Regional Manager for Public Affairs at International Paper, and former Executive Vice President of the Empire State Forest Products Association.*

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*Sweet is a Councilwoman from Newcomb, NY, and a local business woman.*

Neil Woodworth, Conservation Dir./Corporate Counsel, Adirondack Mountain Club, 30 Louise Street, Delmar, NY 12054.

*Woodworth is Director of Government Relations with the Adirondack Mountain Club, and a practicing attorney in the Albany area.*

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*Meyer is Vice President of E.B. Hyde Corporation, an owner of family forest land in northern Vermont; he was a member of the Governors' Task Force on Northern Forest Lands.*

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*Motyka, Vermont State Forester, is Commissioner of Vermont's Department of Forests, Parks and Recreation; he is also a forest landowner and maple syrup producer.*

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*Whittaker is a forester and former Secretary of the Vermont Agency of Natural Resources; he is also an Episcopal minister and Northern Forest Project Coordinator for the Vermont Natural Resources Council.*

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Michael T. Rains, State and Private Forestry-USDA Forest Service, 5 Radnor Corporate Ctr., 8100 Matsonford Road, Radnor, PA 19087.

*Rains is Director for the Northeastern Area State and Private Forestry. He was previously acting deputy chief for State and Private Forestry.*

## **Northern Forest Lands Council**

### **Mission Statement**

The mission of the Northern Forest Lands Council is to reinforce the traditional patterns of land ownership and uses of large forest areas in the Northern Forest of Maine, New Hampshire, New York and Vermont, which have characterized these lands for decades. This mission is to be achieved by:

- Enhancing the quality of life for local residents through the promotion of economic stability for the people and communities of the area and through the maintenance of large forest areas;
  - Encouraging the production of a sustainable yield of forest products, and;
  - Protecting recreational, wildlife, scenic and wildland resources.
- 

The Northern Forest Lands Council is disbanding and closing its office in September 1994. After this date, people should contact the following offices to request literature produced by the Council and to obtain general information about the Northern Forest.

#### **Maine**

ME Department of Conservation  
State House Station 22  
Augusta, ME 04333  
(207) 287-4900

#### **New York**

NYS Dep't of Environmental Conservation  
50 Wolf Road, Room 404  
Albany, NY 12233-4252  
(518) 457-7431

#### **New Hampshire**

NH Division of Forests and Lands  
P.O. Box 1856  
Concord, NH 03302  
(603) 271-2214

#### **Vermont**

VT Agency of Natural Resources  
103 South Main Street  
Waterbury, VT 05676  
(802) 241-3670

In addition, all Council documents and archival materials are available through the Maine State Library, Station 64, Augusta, ME 04333; telephone (207) 287-5600.

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Logo: An original 4"x12" woodcut by Sabra Field, "Winter View" 1985.

**Northern Forest Lands Council**  
**Finding Common Ground:**  
**Conserving the Northern Forest**

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**In all, 37 recommendations are here. They deal not with every issue or problem, but only those that the Council felt would have the largest impact for the Northern Forest.**

**Some of the recommendations put forth here may take years to accomplish, while others can be enacted immediately. Nonetheless, much can be accomplished through these recommendations to assure a bright future for the Northern Forest, with diligent and concerted efforts by many people, organizations, and agencies.**

**\* \* \* \* \***

**The Council thanks the governors and Congress for their concern about the future of the Northern Forest, and for their support of this important process.**

**The Council also expresses its appreciation to the thousands of citizens who care deeply enough about the Northern Forest to have contributed their time, talent, and personal feelings. We have listened to them and responded to their concerns. Their assistance has greatly strengthened our report.**

**The Council recognizes with gratitude and appreciation the dedication and vision of the members of the Governors' Task Force on Northern Forest Lands (the Council's predecessor) and former Council member Edward I. Johnston. Their foresight paved the way for this unique consensus-building approach to natural resource management, one that will brighten the region's future for years to come. Thanks are also extended to those who worked on the Northern Forest Lands Study, including its coordinator Stephen Harper, who was an initial member of the Council.**

**Finally, the Council wishes to convey its thanks to its exceptionally dedicated staff: Charles Levesque, Executive Director; Esther Cowles, Resource Specialist; and Mary Beth Hybsch, Administrative Assistant; and to the four states' coordinators: Dona Mansius (Maine), Susan Francher (New Hampshire), Karyn Richards (New York), and Mik Fraysie, Jim Horton and Charles Johnson (Vermont). The staff, above all, were responsible for the Council's unique public outreach efforts. Without their work, which extended far beyond the normal bounds of obligation to their jobs, this report could never have been produced.**



## **The Northern Forest: Lands of Tradition, Lands of Change**

### **The Land and the People**

A 26 million-acre forest stretches from eastern Maine through New Hampshire and Vermont across northern New York almost to Lake Ontario. It is one of the largest expanses of continuously forested land in the nation and is valuable in many ways to the people who live within its boundaries, work with its resources, use its products, visit it, and care about it.

For its one million residents, this region is home. They have a connection to the land fewer and fewer Americans experience or understand. They have grown up hunting, fishing, trapping, and walking in the woods here. They are loggers, farmers, and business people. They work in the mills that have been the backbone of the region's economy for decades. Nearly 85 % of the Northern Forest is privately owned and has provided a diversity of environmental and economic benefits. The economic viability of these private land ownerships is integral to community strength and the overall economic health of the region.

Some families have taken care of their forests and farms for generations; they have seen storms, droughts, great fires, and hard times. Living in the Northern Forest has often been difficult, but its people are proud of their endurance, their heritage, and a way of life so different than in the urban areas around them.

The forest-based industries of this region have profound impacts on the economies of the four states. Within the four states, forest-related jobs, including manufacturing and tourism, account for a total annual payroll of over \$3 billion. In forest products manufacturing, the total annual economic contribution for each of the states is as follows: in Maine, \$4.6 billion; in New Hampshire, \$1.5 billion; in New York, \$7.8 billion; and in Vermont, \$745 million. (Data from 1987 to 1990.) The Northern Forest provides products to people around the world.

The same forest that is the source of this deeply-rooted, traditional culture is also valued by those who live outside the region. Seventy million people live within a day's drive of the Northern Forest, and many come here for outdoor recreation, escape, and adventure. These visitors continue to find

natural beauty and opportunities for recreation here, but they often take for granted the time-honored availability of private and public lands for their use. Tourists alone spend over \$16 billion annually, generating \$750 million in state and local taxes. Across the four states, forest-based recreation and tourism annually benefit local economies as follows: in Maine, the recreation industry employs 24,600 people with a \$223 million payroll; in New Hampshire, it employs 22,470 people with a \$205.3 million payroll; in New York, it employs 48,670 people with a \$655.3 million payroll; and in Vermont, it employs 18,630 people with a \$157.2 million payroll. (Data from 1987 to 1990.)

And everyone, even those who may never see the Northern Forest, realizes its importance as a source of clean water and clean air, as a place essential to sustaining a rich diversity of plants and animals, and as a peaceful contrast to urban areas.

### **Changing Times**

Complex social and economic forces, some originating outside the region, often lead to competing and conflicting uses of the Northern Forest. Alarms sounded in the 1980s over possible historic shifts in land ownership and use, and gave rise to the Northern Forest Lands Study and, ultimately, the Northern Forest Lands Council.

In 1988, about one million acres of forest land formerly owned by Diamond International Corporation went on the market. In Maine, with 790,000 acres of these lands, tracts which were sold went principally to conservation and timber management interests. In New Hampshire, New York, and Vermont, two developers bought nearly 200,000 acres as recreational and residential properties. Conservation organizations and the three state governments bought about 100,000 of these acres in outright purchase or easement. (Across the region, some lands were sold later for development or short-term timber liquidation.) The remainder of the lands went to a variety of uses, including development. (See Appendix D for more details.)

The sale of these lands drew quick attention, and lots of it. Earlier forest land sales chiefly occurred between timber companies, for value as timberland. Yet in the 1980s, the forest land was marketed, at least in part, for its development value. It was sold to all types of buyers, many with interests other than timber.

The final disposition of the bulk of these lands ultimately was not dramatically different than in the past, but the risk of change to the character of the land and the impact of change on important public values, on a scale never seen before, was perceived as an issue requiring attention.

And thus, Vermont's Senator Patrick Leahy and New Hampshire's then-Senator Warren Rudman prompted Congress to initiate the Northern Forest Lands Study, undertaken by the USDA Forest Service. The study was to look closely at changes in the Northern Forest, assess the impacts of change on the region and its people, and lay out possible ways to maintain the Northern Forest and the traditional uses and quality of life dependent upon the forest.

The study had its charge in the words of an October 1988 letter from the two senators to the Chief of the Forest Service:

“The current land ownership and management patterns have served the people and forests of the region well. We are seeking reinforcement rather than replacement of the patterns of ownership and use that have characterized these lands for decades.”

The Northern Forest Lands Study report was released in May 1990.

A four-state “Governors’ Task Force on Northern Forest Lands,” working along with the Forest Service, guided the study, provided states’ perspectives, and, in the end, wrote its own report to the four governors, making specific recommendations for action. One of its recommendations was to establish the Northern Forest Lands Council.

### **The Northern Forest Lands Council: The Making of a Public Process**

Congress created the Northern Forest Lands Council to continue the work begun by the Governors’ Task Force and the Northern Forest Lands Study for another four years. It was to examine further the issues identified in the study and develop specific recommendations to Congress, state governors, and state and local elected officials.

The Council was established in 1990. It consists of four governor appointees from each of the four states—Maine, New Hampshire, New York, and Vermont—and one USDA Forest Service representative. Each state representative speaks for one of four constituencies: forest landowners, environmental interests, state conservation agencies, and local communities. The latter is an important voice that was not present on the 12-member Governors’ Task Force.

The Council’s 17 members all have a stake in the future of the Northern Forest and have dedicated large amounts of their time to the Council for the past four years. They feel deeply about the region, its people, and its future, and each has a special, personal reason for participating in this effort.

From the outset, the Council has believed that it represented many constituencies in all four states. It saw its role as consulting with the broadest

possible range of citizens on their hopes and fears about the future of the Northern Forest and their relationship to it.

The Council consulted with experts and commissioned studies on biological resources, conservation strategies, land conversion, local forest-based economy, property taxation, recreation and tourism, and state and federal taxes to obtain a further understanding of the problems of the region and the implications of these problems for the future.

The Council recognized that its efforts would not succeed unless they included the many interests in the region. Council members believe that the future is best served not by dividing interests, but by working together to find common ground, to make rational public and private choices about what should be. Environmental and economic considerations are interdependent and reinforce one another.

In the course of its work, the Council and its staff accomplished the following actions to seek the broadest possible representation of views, experiences, and concerns:

- created Citizen Advisory Committees (CACs) in each state, representing landowners, property rights interests, environmental interests, timber industry, academia, recreation and tourism businesses, and communities. The CACs served as a microcosm of Northern Forest society, bringing forth many perspectives. CAC meetings, like those of the subcommittees and their work groups, were open to the public. CACs met regularly, serving as sounding boards for their state council members and providing feedback and criticism on the Council's research and direction.
- created work groups of about 20 experts each to serve as advisors to the Council's seven subcommittees studying each subject area.
- held regular public meetings and forums throughout the region.
- conducted issue-specific public forums on land conversion, local forest-based economies, biological resources diversity, and state and federal taxes.
- facilitated the creation of the Northern Forest Resource Inventory through which the states have compiled natural and economic resource data.
- published a comprehensive Technical Appendix of all its research and forum proceedings.
- released Findings and Options in the fall of 1993, which elicited more than 1,000 pages of written response from people inside and outside the region.

**The Council released its report of draft recommendations, Finding Common Ground, in March 1994. It was based on years of research and public input. It evoked written and verbal comment from more than 1,600 people inside and outside the region. It provided the basis for these recommendations. Thus the Council's proposals are based firmly on a combination of public input, gathered data, expert analysis, and our own extensive discussions.**



## What We Learned from the Public

The Northern Forest Lands Council released its draft recommendations on March 3, 1994, welcoming comment from individuals and organizations in writing, by phone, at meetings, and at any of 20 listening sessions and 12 open houses that were held from late March through early May.

The public responded with great interest. Nearly 3,000 people attended the Listening Sessions and Open Houses, 800 of whom spoke. Another 800 sent letters. In total, we received 1,676 comments.

The comments reflected a wonderful diversity. A number of individuals and groups submitted written comments nearly as long as *Finding Common Ground* itself, while one person sent a fax that simply noted “B+”. Overall, commenters were extremely thoughtful and constructive.

The Council was heartened that so many commenters agreed with the approach, in whole or in part, of *Finding Common Ground*. To us, it was an affirmation that we were on the right track. Most of the comments contained two general themes: one, to alleviate the range of pressures that discourage landowners from holding and managing lands for the long term; the other, to protect and enhance the ecological resources of the region. The Council’s final recommendations take these themes into consideration, recognize their interdependence, and represent a balanced way to address each. (A comprehensive 100-page summary and analysis of the public comments is available from the Council and the state offices listed inside the front cover.)

## What We Changed from the Draft Recommendations

This final report looks different than our draft recommendations. The organization of the recommendations and much of the text has changed in response to what we learned.

The Council added language to and slightly revised *A Way to the Future* and *Fundamental Principles*. We rewrote and modified sections on *Forest Practices*, *Public Land Management and Acquisition*, *Biodiversity*, *Land Use Planning*, and *Education and Technical Assistance*. We added some entirely new sections—*What We’ve Learned* and an *Action Plan*—and new recommendations on *State Easement Programs*, *Cooperation in Sustainable Forest Management*, *Water Quality*, *Community Development*, *Financial Institutions*, and *Natural Resource Education for the Public*.

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**We found we could not accurately estimate costs for each recommendation due to the variation among the states and the many assumptions necessary for the national estimates. Thus, we did not attempt to give them. All other sections either were unchanged or received only minor wordsmithing**



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## A Way to the Future

The Council's understanding of the views of the many people and experts we have consulted—and intensive discussion among the diverse members of the Council itself—has given us a sense of what the future of the forest can be, and what kind of future people want for this region.

These discussions have also given us a strong sense of the forces for change. The conditions which up to now have conserved the Northern Forest can no longer insure its perpetuation. In our discussions time and again we faced a fundamental conflict—between market-driven efficiency that encourages maximum consumption of resources with the least amount of effort in the shortest time, and society's responsibility to provide future generations with the same benefits we enjoy today.

We believe that until the roots of this conflict are addressed and the economic rules changed so that markets reward long-term sustainability and recognize the worth of well-functioning natural systems, existing market forces will continue to encourage shorter-term exploitation instead of long-term conservation of the Northern Forest.

This report does not address all aspects of this conflict. Instead, we have chosen to concentrate on feasible, effective steps toward changing a range of public policies and trends that now inhibit conservation of the region's forest resources. They include:

- increased polarization among forest user groups.
- rising property taxes, causing loss of land from natural resource uses.
- pressure for development of high-value areas near shorelines and scenic places.
- jobs lost to competition from other regions and countries.
- incomplete knowledge of land management techniques to maintain or enhance biological diversity.
- lack of funding and clear priority-setting for public land and easement acquisition.
- insufficient attention to and funding for public land management.
- fear of losing public recreational opportunities and access to private lands.

- 
- **loss of respect for the traditions of private ownership and uses of private land.**
  - **failure to consider forest land as a whole, as an integrated landscape.**

**The impacts and influences of these threats may be stronger or weaker depending on economic cycles, but over the long run they will bring about change that, if left to proceed on its own, is likely to harm both the forest and the people who live here.**

**We believe that to ignore what the Council has discovered about the forces for undesirable change and take no action would be to guarantee an uncertain future for the Northern Forest, one that could lead to break-up of large undeveloped tracts of forest land, a steadily weakening economy, and continuing pressure on finite natural resources. For these reasons, the Council believes people must act in a careful way to shape change, to conserve the important public and private values of the forest.**

**We see a Northern Forest with extensive forests rich in natural resources and values cherished by residents and visitors; timber, fiber, and wood for forest products and energy supporting successful businesses and providing stable jobs for residents; lakes, ponds, rivers, and streams unspoiled by pollution or crowding human development; viable communities in which people can live, work, and raise families; forest tracts large enough for wide-ranging wildlife, protected and managed in ways that sustain the diversity of plant and animal species; a culture deriving its identity from the environment in which it has evolved.**

**The Council sees traditional ways of life and patterns of ownership continuing, with residents of towns, villages, and the forests themselves more certain of staying there and of securing livelihoods from the land around them. The Council sees outdoor recreation and tourism compatible with the natural environment and dependent on the qualities which now characterize the region.**

**The Council's picture of the future Northern Forest is of a landscape of interlocking parts and pieces, inseparable, reinforcing each other: local communities, industrial forest land, family and individual ownerships, small woodlots, recreation land, public and private conservation land.**

**The Council's recommendations are neither quick solutions nor a response to an imminent crisis. Rather, they are intended to help each state act deliberately to carry on the work the Council has begun, as follows:**

- **supporting property owners to hold and manage land for forest products and other benefits.**
- **helping communities strengthen their natural resource-based economies.**

- 
- protecting biological diversity through management based on sound scientific principles.
  - acquiring lands for public ownership based on clear public priorities, demonstrated need, and fairness to landowners.
  - providing public recreation on public and private land as an important part of the region's economy and way of life.
  - recognizing that for the very long term, the use of conservation easements to protect lands from development will be needed to ensure sustainability of the forest resource in areas with significant development pressures.

The states should act on these measures with assistance from local and federal governments.

While the Council's recommendations are not a radical departure from the past, they are not business as usual. Today, organizations and people, in the states and region, need to investigate tools for taking the future into their own hands. They should no longer be so subject to economic forces beyond their control. States should have sufficient resources to protect public values in ways that are fair to private landowners.

Accomplishing this goal will demand new, imaginative thinking and doing. It will take people—as individuals, in communities, through organizations—to work more closely than they have in the past. It will take governments at all levels—local, regional, state, and federal—to put aside long-standing views and understand a greater good. It will take partnerships among private companies, residents, communities, organizations, and governments in a commitment to conservation and appropriate use of our natural resources. In fact, given the experience of Council members, we believe it will take commitment from diverse interest groups to work through their differences and seek answers that work.

Based on the above, we believe urgent and sustained action is necessary to enact these recommendations for the long-term integrity, character, and productivity of the Northern Forest. The Council has fulfilled its charge to find ways to alter those public policies which fail to reinforce traditional patterns of land ownership and use in the Northern Forest. We now urge those public policy makers who gave us our mandate to act decisively on these recommendations.



## **Fundamental Principles**

**The Council's work rests on several fundamental principles. These should also guide the implementation of the recommendations. The key principles are as follows:**

- **People must have a right to participate in decisions that affect them.**
- **The rights of private property owners must be respected.**
- **Natural systems must be sustained over the long-term: air, soil, water, and the diversity of plant and animal species.**
- **The history and culture of the Northern Forest and the connections between people and the land must be respected.**
- **States must work in partnership with local and federal governments.**
- **Differences among the four Northern Forest states must be recognized.**
- **People must appreciate that the Northern Forest has values important beyond its boundaries.**
- **Public funds are scarce; the greatest public benefit must be secured for any additional investment.**
- **Proposals must be judged by their long-term benefits, at least 50 years ahead.**
- **Existing programs, regulations, and systems must be evaluated, built upon, and improved, before new ones are created.**



## Guiding Concepts

Based on the Council's studies and experience over the past three years, we have formed several beliefs and concepts to guide policy-making for the future of the Northern Forest. These concepts complement the Council's mission.

The Council firmly believes that to protect the region's traditional character it is essential to adopt policies that move ahead of events, avoid the need for a crisis response, and allow the people of the region to engage in a deliberate process to influence, not be victims of, change:

It is essential to recognize and understand the concerns of those who live within and care about the Northern Forest. Landowners worry that the value of their land, their privacy, and their long-standing connections with their property will be taken from them without fair compensation. Residents are upset that if forests are not managed well, their heritage, their way of life, and their jobs may be lost. Hunters, anglers, hikers, and canoeists fear that the forest—their place of escape from the cares of everyday life—will be closed to them. Many fear that certain forest practices are unsustainable and that plant and animal species will be damaged or destroyed. Others fear that large areas of mostly undeveloped land will be lost forever to development and other pressures from an expanding population. Measures to conserve the land must address these concerns. They must also involve people in the process of making decisions affecting their future.

The potential for undesirable change still exists. We must act now to direct and guide change. The Council and its predecessors, the Northern Forest Lands Study and Governors' Task Force, were created in response to fears that the large, privately owned lands of the Northern Forest were at grave risk of break-up and conversion. The initial crisis and cycle of land development of the 1980s has passed. A Council-commissioned study of land conversions revealed that, during the 1980 to 1991 period, at least 203,000 acres of land across the region were parcelized in connection with the sale of large tracts of forest land (of 500 acres and greater). This represents approximately 1% of the 26 million-acre Northern Forest area and approximately 4% of the 5.5 million acres of these large ownerships which changed hands during the period. Of this acreage, parcelizing at least 39,000 acres were converted by development. This represents approximately

2/10ths of 1% of the study area and nearly 1% of the acres which changed hands. At least 344,137 acres were sold to public agencies during the period. This represents approximately 1.3% of the Northern Forest area and approximately 6% of the total acreage sold during the period. These figures do not reflect sales or conversions of parcels less than 500 acres in size, as little data are available on smaller parcels.

The Council also discovered through its research that the ingredients of future undesirable change are still present, particularly on high amenity lands. Rising property taxes, high land valuations, and high estate tax rates make passing of land intact from one generation to the next very difficult. Many forest products markets, especially pulp and paper, experience continuing weakness. National and global competition puts pressure on forest product industries. Currently, corporate and other large land holdings continue to be marketed, although a notable change is that institutional pension fund inventors with long-term investment horizons have become forest landowners in the region. The millions of people who live within a day's drive of the Northern Forest will continue to look for places to acquire along a lake or near the mountains, and to use and enjoy the forest.

We must view human and biological relationships to the land with equal regard. For many generations, residents of the Northern Forest have earned their livings directly or indirectly from the land. These connections are just as irreplaceable as those of plants and animals of the forest to soils and waterways. Those living outside and perhaps unfamiliar with the way of life here must understand that it is entirely possible to conserve the forest and sustain towns and villages within its boundaries in ways that damage neither its human nor its plant and animal communities.

The forest must be viewed as an integrated landscape that includes both private and public lands. The history of the region has shown that the values we are concerned about can be maintained through predominantly privately-owned forest land. Proposals to conserve values of the forest must include a wide range of measures to encourage the careful long-term stewardship of private land. Such stewardship can and should include sound management for the harvesting of trees. It should be clear, however, that acquisition of property or interest in property by the public has been and should continue to be an appropriate way to conserve land with exceptional biological, scenic, and recreational values. Acquisitions should take place in accordance with plans developed with full participation of all affected landowners and local residents. Taken together, long-term stewardship of private lands and measured acquisition of public land of exceptional importance, using fee and less-than-fee tools, can work to conserve the important values of the forest.



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Traditionally, Maine, New Hampshire, New York, and Vermont have worked with landowners and non-profit organizations to conserve the Northern Forest. While federal action can be important to the future of the region, the states, working with local communities, should continue their lead role. The Northern Forest states have different histories, traditions, and citizen views. These all must be respected. But these forests provide great benefits to many within and outside of the region. All users have an obligation to share the true costs of proper management of public lands, and to assist communities and private landowners in the stewardship of public values.

The Northern Forest has been and can continue to be a powerful force for long-term economic well-being for its residents and the Northeast region in general. In a world of growing human population and diminishing forest resources, a properly managed forest can provide a needed source of wood and fiber to support jobs in the forest and in mills and woodworking shops. The wood products industries of the four states have an annual economic value of at least \$14.6 billion. (Data from 1987 to 1990.) Similarly, in a world where the opportunities for escape to a natural surrounding are also diminishing, the forest, if it remains a forest, can always provide a place for compatible tourism and recreation. But these long-term economic values will be lost if the forest's integrity is sacrificed for short-term gain.

The Northern Forest can continue to provide a great diversity of values and serve many interests and constituencies. It is large enough, its resources diverse and rich enough, to do this. But it cannot serve every purpose for every user without limitation or without affecting the legitimate interests of others. As members of a society that consumes the greatest percentage of the world's natural resources, we have a moral and ethical responsibility to use our own resources, use them efficiently, and conserve them for future generations. In doing so, we should not ask other, perhaps more environmentally sensitive, regions of the world to supply our needs. Therefore, it is important that we manage our own resources to the best of our collective abilities. We must set the example.

The Council believes that all interests must work together to achieve cooperative and informed long-term stewardship of public and private land. Our recommendations are directed at achieving this goal.

Our specific recommendations are only part of what we offer for the future of the Northern Forest. In addition to our specific proposals, we have demonstrated something about the process for achieving a desirable future. We have shown that people of different perspectives can work together, gather information, consult experts, discuss emotional and important issues with a broad spectrum of the public, and then proceed in a rational way to accomplish common goals. This can be done without individuals or groups

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giving up their own points of view, but rather by finding those things they can agree upon and those things they are willing to accept to reach agreement on overall issues.

We have made specific recommendations for how the people of the region can approach their own planning for the future of the Northern Forest in this same way, with the involvement of - and respect for - everyone interested in participating in the process.

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## Recommendations

The Northern Forest is not simply a collection of people, or natural resources, or the environment in which they exist. It is a complex and dynamic interrelationship of people, communities, land, water, plants, and animals.

Just as no single person or organization can achieve the broad goals in this report, the recommendations, like the forest and its residents, are bound together. They are to be considered as an entire package, a synergistic whole, not as individual elements in isolation from one another.

Nevertheless, we know all the recommendations cannot be implemented simultaneously. But we believe now is the time to begin. Some recommendations can have an immediate impact while others will take more time to develop.

For purposes of organization and clarity to the reader, the recommendations are listed by topic, and grouped into four categories that reflect the major societal arena in which they work, as follows:

- I. Fostering Stewardship of Private Land
- II. Protecting Exceptional Resources
- III. Strengthening Economies of Rural Communities
- IV. Promoting More Informed Decisions

Further, the order and number of the recommendations (and sub-recommendations within recommendations) do not indicate any priority, but are numbered sequentially for ease of reference. All the recommendations are of top and equal priority.

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These recommendations seek to redefine public policies on state and national levels, not just in the area of the four states called the “Northern Forest.” The reason is simple. As we discovered through our findings, and heard from thousands of people, the forces for change identified earlier are affecting forest land everywhere, both within the Northern Forest and outside it. Thus, all the state-based recommendations are meant for statewide policy changes, and all federally-based recommendations are meant for nationwide changes.

**The cost to implement these recommendations will be substantial. It will require commitments of time and money from many agencies. In many cases, it need not demand new appropriations or staff because agencies should already be doing much of what is being recommended to fulfill their respective missions. Existing grant programs should be directed toward implementation of the Council's recommendations, rather than the creation of new programs. While implementation of some of these recommendations will require additional public appropriations, existing resources should be used first. We firmly believe that these recommendations represent a critical, wise, and timely investment in our future, and that all levels of government should make forest land conservation a high priority.**

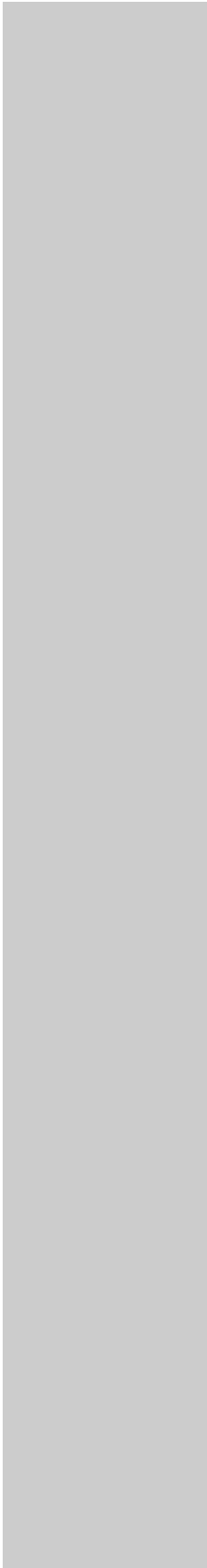
**We would have preferred to include cost estimates for every recommendation, but determining these figures is complex and difficult. It relies on many assumptions, which in turn make the estimates unreliable. Thus, we suggest that cost estimates be developed as an integral part of the implementation process.**

## **I. FOSTERING STEWARDSHIP OF PRIVATE LANDS**

A major element of the Council's mission is to "reinforce the traditional patterns of land ownership and uses" in the Northern Forest. To do so in a region where nearly 85% of the land is in private ownership means working with private landowners and organizations. What happens to the entire 26 million acres will in large measure depend upon what happens to the private owners of the large forest tracts.

The Council determined that many key federal and state policies impede landowners from retaining and managing these lands sustainably while protecting important natural resources, regardless of their often intense desire to do so. In fact, many public policies encourage sales, subdivision, liquidation, or conversion of their lands, with resulting loss of both private and public values.

In keeping with the principles articulated earlier, the Council has identified the most significant policies affecting private landowners, and has proposed changes or new ways society can enhance their ability to continue ownership and proper management of their lands.



## Stewardship Incentives

### Conservation Easements

The Council believes conservation easements are important voluntary means to protect productive forest land from changes in land use. When forest landowners decide to remove the development rights from their land through use of conservation easements, the economic pressure to change the use of the land is removed. Encouraging landowners to do this promotes long-term stewardship. If landowners decide to sell or donate conservation easements on their forest land, they have assured that the only viable economic use of their land in the future will be natural resource-based—something the Council embraces. Perhaps no other voluntary tool has such an influence on perpetuating forested landscapes, keeping forest land in private ownership, and yielding products and services for society's long-term resource needs.

### Forest Legacy

The Forest Legacy program provides funding for the USDA Forest Service to purchase conservation easements from willing sellers. It has the potential to become an excellent way to encourage the resource-based economy and land conservation in the Northern Forest. However, it needs improvement to be more effective in the Northern Forest and beyond. For the program to be attractive to many forest landowners, the funding criteria and administration of Forest Legacy must change significantly.

**Recommendation 1, to fund Forest Legacy.** Congress should fund Forest Legacy consistently and adequately to make it a more effective tool for protecting working landscapes. The Council recommends a Forest Legacy appropriation of \$25 million per year for the Northern Forest states. The effectiveness of the Forest Legacy Program should be enhanced by changing the existing legislation to include:

- (a) the option for state ownership of easements.
- (b) the option for direct grants to the states.
- (c) payments in lieu of taxes to communities for easements, where appropriate.

- (d) amendments to the “purpose” section of the law to include timber management as a use that Forest Legacy seeks to protect.
- (e) funds for states to monitor easement compliance.

### State Easement Programs

“Federal funding is needed to ensure the success of certain land conservation tools; however, significant state and local government involvement in these efforts is essential. Federal grants to states for acquisition and management are often the most effective and broadly accepted approach. Precedents exist for such state and local involvement, both within the region and elsewhere.”

Conservation Strategies  
Subcommittee Finding #14,  
page A-30.

**In addition to Forest Legacy, the Northern Forest states have their own conservation easement programs. These programs are effective in protecting working forests from changes in use. The Council believes that conservation easements are a critical means for the long-term maintenance of these lands.**

**Recommendation 2, to fund state easement programs. States should continue to support and fund their conservation easement programs. In addition to employing traditional conservation easements to protect productive forest land from changes in use, the programs should explore emerging voluntary conservation measures such as those listed below.**

- (a) acquisition and resale of development rights by the public on private lands.
- (b) term easements (easements of specified duration).
- (c) rolling easements (term easements in which the easement can be renewed at specified intervals).
- (d) voluntary agreements.

**For related recommendations, see recommendations 17 (State Funding for Acquisition), 18 (Conservation Tools Other than Acquisition), and 19 (Conservation Transactions).**

**Responsible agency Congress should act immediately to enhance and adequately fund the Forest Legacy program. State legislatures and conservation agencies should continue to support and fund their easement programs, and use the voluntary tools outlined.**

**Related findings in the Appendix Land conversion 24; biological resources 14; and conservation strategies 10-16, 22.**

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.



**I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>27</sup>**  
**Stewardship Incentives**

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**Stewardship Incentive Program**

More private landowners would be interested in allowing public use of their land for recreation and in managing for non-commodity purposes, if adequate technical and financial assistance were available. Unfortunately, it is not.

Private non-industrial landowners own nearly one third of the land in the Northern Forest, over 8 million acres. Many do not actively manage their lands. Those that do, manage for many different reasons and goals. These lands could provide many more public and private amenities if technical and financial assistance were available to landowners.

The Stewardship Incentive Program (SIP), created by Congress in 1990 as part of the Forest Stewardship Act in the Farm Bill, offers cost share funds and technical assistance to non-industrial private landowners to manage their lands for a variety of natural resources, not just timber. These resources include, among others, fish and wildlife habitats, wetland protection, aesthetics, recreation opportunities, timber supplies, and other products.

Eligible landowners must have an approved Forest Stewardship Plan and own 1,000 acres or less of qualifying land (exceptions are possible for up to 5,000 acres). Payments may not exceed \$10,000 per landowner per year. Landowners must commit to SIP-funded practices for at least ten years.

Authorized up to \$100 million per year through 1995, the program has been funded at less than \$20 million per year since 1991. This is inadequate for broad application.

“Numerous federal and state land conservation tools other than land acquisition are available to encourage the long-term conservation of the region’s forest lands, and to protect public and private values of importance to the people of the region and beyond. Examples include the Forest Stewardship Program and the new Partners in Wildlife program.”

Conservation Strategies Subcommittee Finding #11, page A-29.

**Recommendation 3, to fund the Stewardship Incentive Program.**  
**Congress should fund the Stewardship Incentive Program (SIP)**  
**at the fully authorized level.** There is a waiting list of landowners who have requested SIP funds. Adequate funding for SIP will encourage sound forest management by more landowners. Practices currently eligible for cost-sharing under SIP include riparian and wetland protection and improvement, fisheries habitat enhancement, and wildlife habitat enhancement, in addition to timber management. Cost-share priority for fisheries and wildlife habitat enhancement is for activities that enhance the habitats of threatened and endangered species and species of special concern. The effectiveness of the program should be enhanced by:

- (a) eliminating the constraint that only 25% of the funds in each state can be used each year for forest management plans.

- (b) raising the 1,000-acre maximum eligibility requirement to 5,000 acres.
- (c) allowing states to provide cost-share funds for expenses related to voluntary land protection, such as appraisals and surveys.
- (d) requiring landowners to reimburse the granting agency if conversion to non-forest use occurs within ten years of receiving the cost-share funds.

For related recommendations, see recommendations 10 (Education about Sound Forest Management), 11 (Forest Practice Regulations and Programs), 12 (Cooperation to Achieve Sustainability), and 21 (Biological Diversity).

**Responsible agency.** State conservation agencies, Congress, and the USDA Forest Service should act immediately to implement this recommendation.

**Related findings in the Appendix.** Biological resources 10, 11, 12; conservation strategies 11; local forest-based economy 15; and recreation and tourism 15, 19, 23.

**References.** Ash Cove Consulting, *Maintaining Biological Diversity on Private Forest Lands: Voluntary Techniques*, August 24, 1993.

Brocke, Rainer, *Recommendations to the Northern Forest Lands Council with Comments on a Briefing Paper*, June 23, 1993.

Brown, Tommy, *Outdoor Recreation and Tourism Studies Applied to the Northern Forest Lands: Literature Review and Analysis*, October 7, 1993.

DeCoster Group, *Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners*, October 12, 1993.

Dubroff, Harold and Alvin Geske, *A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners*, November 15, 1993.

Howard, Theodore, *Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council*, May 20, 1992.

Northern Forest Lands Council, *Summary of Public Comment on the Draft Recommendations*, August 1994.

Northern Forest Lands Council, *Summary of Proceedings: Biological Resources Diversity Forum*, December 9, 1992.

Resource Systems Group, Inc., Ad Hoc Associates, Douglas Morris, *Forest Property Taxation Programs: Report to the Northern Forest Lands Council*, November 1993.

## Green Certification

Few market incentives recognize and reward forest landowners who practice environmentally sound forest management. In recent years, the general public has become sensitive to environmental issues. This often translates into consumer and retailer willingness to buy products perceived to be “environmentally friendly.” Consumers express a willingness to consider natural resource issues as they buy, but to date little or no market rewards reach landowners who practice environmentally sound forest management.

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**Stewardship Incentives**

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**“Green certification” programs, however, are emerging. As they develop, they may provide market advantages or other opportunities to forest-based businesses as a way to encourage good forest practices in the region. Moreover, they appeal to existing foreign markets, where such programs have existed for several years. Certifiers review a landowner’s forest management for a range of benefits which include, among other things, sustainability and ecosystem maintenance. Qualifying landowners are certified, and products from their land can be marketed as “environmentally sound.”**

**Green certification programs have the potential to enable landowners and forest product manufacturers to improve their market share in an increasingly sophisticated and competitive consumer environment. If not done well, though, they also have the potential to confuse consumers.**

**Recommendation 4, to encourage green certification programs.**

**State forestry and economic development agencies should encourage and cooperate with emerging private green certification programs that recognize landowners who practice sustainable forest management. They should also work with state forest roundtables, as appropriate. (See Post Council Action section.) The most successful and effective programs will meet the following requirements:**

- (a) Programs will be market-driven; that is, individual landowners and firms will seek certification based upon their assessment of the potential positive returns on their investment in certification, either through increased market share, increased product price, or other benefits.**
- (b) Certification criteria will be based on consistent definitions, and on quantitative and objective standards that are easily understandable by and available to the consuming public. Private sector firms would be the best to carry out standardization and compliance; however, marketing claims should adhere to current and future Federal Trade Commission guidelines.**
- (c) Certification will be financially feasible and practical for most sizes of land ownerships and firms. Smaller landowners need cost-effective ways to allow their participation in certification programs, such as certification of consulting foresters serving them, the Tree Farm program, and landowner cooperatives.**

**For related recommendations, see recommendations 10 (Education about Sound Forest Management) and 37 (Natural Resource Education for the Public).**

“Sustainable forestry is critical to the forest economy, as well as to other forest values, such as biodiversity. Consumers of forest products are showing a willingness to support sustainable forestry through their purchasing behavior.”

Local Forest-Based  
Economy Subcommittee  
Finding #15, page A-36.

**Responsible agency.** State forestry and economic development agencies should begin monitoring green certification programs immediately.

**Related findings in the Appendix.** Local forest-based economy 15.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

## **Federal and State Tax Policies**

**Certain tax policies work against long-term ownership and management of forest land in the Northern Forest. The Council has identified the most far-reaching state and federal tax policies that have serious, unintended, and adverse consequences for land management and conservation by owners of the 22 million acres of private land in the Northern Forest, and by private forest landowners everywhere in the United States.**

**State and federal taxes affect all our lives. Tax policies and the way they are implemented are complex, reflecting the complexity of a society with many kinds of people, industries, regional factors, and political realities. All have molded our tax code and many have unintended negative effects on the stability of land ownership.**

**The Council does not suggest re-writing entire tax codes. Instead, we have identified several key policies that need change. These policies will help landowners in the region (and the country as a whole) keep their lands in long-term forest ownership and management, rather than forcing them to sell or change the use of their land. For property tax policy, states must carefully look at annual costs to landowners in relation to the annual returns possible. Encouraging this long-term ownership and management provides many public benefits.**

“Federal tax policy has the potential to provide an incentive for people and companies to invest in and conserve forest land.”

State and Federal Taxes  
Subcommittee Finding #5,  
page A-54.

“Federal tax rules designed to encourage long-term forest stewardship often have the very opposite effect and discourage these stewardship objectives because the rules are confusing and difficult to use.”

State and Federal Taxes  
Subcommittee Finding #6,  
page A-55.

### **Property Taxes**

**Rising property taxes have severe impacts on the ability of landowners’ to own and manage forest land. Where current use property tax assessment programs are not available or are not working well, property taxes are one of the most significant problems affecting forest landowners and their ability to hold onto their land. In most areas of the Northern Forest, ensuring that property taxes reflect the productivity of the forest will have the most immediate positive effect on the economic viability of forest land.**

**Local governments have relied on property taxes to raise revenue since colonial times. Then, property taxes on forest land in the Northern Forest were a true measure of wealth in a largely agrarian society. While society since then has generally become non-agrarian, local taxes are still based on land values.**

Further, land values are now often based on ad valorem, or so-called highest and best use. This generally means the value the land might be sold for on the open market for residential, commercial, or industrial development. Increasing demand over the past several decades has raised land values significantly. Now, ad valorem values (for development of residential, commercial, or industrial sites) far outstrip the value of the land for growing crops or trees.

The underlying causes of rising property taxes are rising land values and the costs of education and other government services. (Property taxes are generally not a problem in unorganized townships.) Rising education costs are a significant proportion of the problem, as state and federal funding for local education has not kept pace with new mandates and rising costs. These trends put increasing pressures on landowners to pay higher property taxes, since municipalities must bear the additional costs.

This has discouraged forestry uses and favored conversion of land to the use that gives property owners the best return on their investment: development. Seeing this trend and attempting to address some of the inequity, each Northern Forest state has instituted some sort of differential property tax program for undeveloped forest and farmland (commonly referred to as “current use” tax programs). However, due to weaknesses in the programs and to difficult fiscal times, their effectiveness, if not their existence, is threatened.

The Council proposes a two-phase approach to address the situation: one an immediate buttressing of current use tax programs already in existence; the other a longer-term, permanent solution to inequitable property taxation.

In addition to these recommendations, the Council urges the states and Congress to examine seriously the way we fund education in this country. The present system has substantial negative impacts on open land.

### **Current Use Tax Programs**

Given the present economics of owning and managing timberland in much of the region, the Council finds that current use valuation is essential to helping landowners maintain their land in forest uses.

The Council commissioned a study of the situation, entitled *Property Taxes and the Economics of Timberland Management in the Northern Forest Region*, by forest economist Dr. Hughianham. The Council’s work confirmed the stark reality of growing trees long-term: on average in the Northern Forest, even on the best growing sites, it is extremely difficult to make a profit if property taxes exceed \$2.00 per acre per year, because

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**Federal and State Tax Policies**

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present ad valorem-based property taxes significantly exceed this threshold in many areas of the Northern Forest. The study concluded that current use tax programs are essential for profitable long-term forestry, except where appraised values are at or near current use values.

Each Northern Forest state has some kind of current use tax program. Although some are working relatively well, no single one is ideal in its present form. Further, in those states required by statute to reimburse municipalities for current use, budget actions have eroded such funding, threatening program effectiveness and, in some cases, even their existence.

Each of the four state's current use tax programs have at least some of the following components in place already. (New York's forest tax program is not actually a current use tax program, but is included in this discussion because its objectives are the same.)

**Recommendation 5, to strengthen current use tax programs.**

State legislatures should review existing current use tax programs and adopt the following range of changes:

- (a) In states where reimbursement does not exist, institute, if appropriate, a stable, reliable, and dedicated funding mechanism for reimbursement to localities. Where it does exist, provide consistent and adequate reimbursement.

Reduction in the local property tax base when lands are enrolled in current use tax programs (since assessment on these lands usually is reduced from ad valorem to use value) is often a concern to communities because it affects their ability to raise local taxes for local services. The effect is greatest in communities with any or all of the following: large amounts of land in current use; high ad valorem assessments; and large areas of public land. Stabilizing these programs by providing adequate and consistent reimbursement would encourage more local political support, help communities to provide adequate government services, and recognize that all people of a state should share the cost of maintaining the broad public benefits of well-managed forest land.

- (b) Keep current use tax programs simple, easy to administer, stable over time, and attractive to potential enrollees. Complex programs are costly and difficult to administer, and they deter landowners from participating.

The Council's Land Conversion Study showed clearly that regulations per se are usually not a significant problem for landowners; rather, constantly changing regulations and how they

“In many areas, because there is such a large difference between the market value and the current use value of forest land, the annual tax based on market value exceeds the annualized income that could be derived from timber.”

Property Taxes  
Subcommittee Finding #10,  
page A-40.

are implemented are the problem. This is also true for current use rules and regulations.

- (c) **Base the current use assessment on the potential revenue from the land.**

The main source of revenue for forest landowners is from forest products. Therefore, assessments should be based on the land’s ability to produce those products. The formulas should be based on reasonable expectations of tree growth, yield, and stumpage values. Where landowners receive other income from the use of the land, that should also be taken into account.

- (d) **Encourage sound forest management of private forest lands in current use tax programs by having specific management requirements. However, such requirements should balance management costs with benefits to both landowners and society. Further, the provisions should not be so excessive as to discourage landowners from participating.**
- (e) **Set penalties for conversion of enrolled land at levels that discourage conversion yet do not discourage participation. States should review their existing penalties in this light.**
- (f) **Include additional incentives for landowners who voluntarily allow access for public recreation, or who develop and implement forest stewardship plans that go beyond statutory requirements and are not reimbursed by existing cost-sharing programs. However, such practices must not be required for participation in current use taxation programs. Incentives could be a percent reduction from the usual assessment, an actual tax abatement, or some other mechanism. New Hampshire’s current use program provides an example of a first step.**

“Generally, ad valorem property taxes on forest land in the Northern Forest states rose during the 1980-1990 decade. In Maine and New York, these taxes doubled during the period. Increases in New Hampshire and Vermont were somewhat less.”

Property Taxes  
Subcommittee Finding #6,  
page A-40.

### **Ad Valorem System of Property Taxation**

**The Council finds that ad valorem property valuation (valuing land and other real estate at its potential highest value, usually for some developed use) is an underlying cause of pressures that property taxes place on landowners. Local education funding needs are the driving force behind property taxes. A healthier and fairer taxation policy is needed to encourage long-term ownership of forest land.**

**Recommendation 6, to consider replacing the ad valorem taxation system. State legislatures should consider replacing the ad valorem system with one based on current use for all property.**



## I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>35</sup>

### Federal and State Tax Policies

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Under the proposed system, all real property would be assessed at its current value in its current use.

With such a change, existing current use tax programs could be eliminated, significantly reducing administration of the property tax. The Council recognizes that such a complex change may require additional revenue sources.

This approach would not eliminate property taxes, but change the antiquated and deficient assessment method now employed. For undeveloped forest land this means the land would be valued as undeveloped forest, not as potential house lots or other developable property. Industrial sites and buildings would be valued as industrial sites and buildings, residential sites and buildings would be valued as such, agricultural lands as agricultural lands, wetlands as wetlands.

Such a shift could take years, with legislative and/or constitutional changes needed in all states. However, the debate is already occurring to some extent in states both within and outside the Northern Forest region. In the meantime, recommendation 5 should be pursued, as an important bridge to a more permanent solution.

“Fair and reasonable taxation of forest land is an important component of a strategy to protect the Northern Forest. In each of the Northern Forest states, maintenance of the forest is an important public goal for many reasons—economic, environmental, and social—and basing the property tax on ad valorem valuation is a deterrent to achieving that goal.”

Property Taxes  
Subcommittee Finding #5,  
page A-40.

For related recommendations, see recommendations 10 (Education about Sound Forest Management), 11 (Forest Practice Regulations and Programs), 12 (Cooperation to Achieve Sustainability), 14 (Management of Private and Public Recreational Lands), 26 (Recreation and Tourism on Private Lands), and 29 (Administrative Rules).

**Responsible agency.** State legislatures should begin assessment and action on Recommendation 5 immediately given the urgency of the problems which threaten the ability of these programs (in some states) to exist. State legislatures should begin assessment of the alternative to replace the ad valorem system of taxation (Recommendation 6) immediately since this will be a long-term policy discussion.

**Related findings in the Appendix** All property tax findings.

**References.** Canham, Hugh O., *Property Taxes and the Economics of Timberland Management in the Northern Forest Lands Region*, February, 1992.

Northern Forest Lands Council, *Summary of Public Comment on the Draft Recommendations*, August 1994.

Resource Systems Group, Inc., Ad Hoc Associates and Professor Doug Morris, *Forest Property Taxation Programs: Report to the Northern Forest Lands Council*, November 1993.

## Estate Taxes

When a person dies and is not survived by a spouse, the estate, including land, is subject to state and federal estate taxes. (The federal tax liability begins at estate value of \$600,000—the so-called “estate

tax unified credit”). Tax rates are hefty, between 37% and 55% depending on estate value. They usually must be paid within nine months of the death of the owner.

Forest land (and any undeveloped land) usually is taxed at “highest and best use,” often predicated on its potential for residential or second home development. For estates with some or much of their value tied up in undeveloped forest land, heirs are often forced to sell or change use of the forest land to pay the estate tax, unless they have other means to obtain cash. Council studies showed this is a serious problem for some non-corporate landowners, both large and small, in the region.

The Council recommends changes to conserve the family-held forest lands in the Northern Forest region and throughout the nation.

**Recommendation 7, to change estate tax policies.** Congress and the state legislatures should change estate tax policies to reduce the pressure on heirs to sell, convert, or otherwise change the character of family forest ownerships. This should be done by (a) allowing heirs to make post-mortem donations of conservation easements on undeveloped estate land; and (b) allowing the valuation of undeveloped land at current use value for estate tax purposes if the owner(s) or heir(s) agrees to maintain the land in its current use for a generation (25 years). Change (b) must include a recapture provision to make future owners liable for taxes if they do not abide by the commitment.

Subsection (b) would be a more attractive alternative to landowners than (a) because the binding commitment not to develop the land is 25 years instead of “in perpetuity,” which is the standard for most conservation easements. However, heirs making the perpetual commitment under (a) would have additional incentives. The value of the conservation easement donation is (in current IRS tax code) deductible for income tax purposes and it may reduce property taxes.

**For related recommendations, see recommendations 2 (State Easement Programs), 5 (Current Use Tax Programs), and 6 (Ad Valorem System of Property Taxation).**

**Responsible agency** The Council recommends that Congress and state legislatures take immediate action to change estate tax policies.

**Related findings in the Appendix** Land conversion 14; and all state and federal tax findings.

**References.** DeCoster Group, Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners, October 12, 1993.

“Among individual and family landowners, estate tax concerns are a driving force behind land sales”

Land Conversion  
Subcommittee Finding #14,  
page A-20.

“The estate tax burden imposed on an illiquid asset, and the very short time frame in which these taxes are due to the Treasury, encourage the parcelization and conversion of forest land to non-forest uses.”

State and Federal Taxes  
Subcommittee Finding, #3,  
page A-54.

## **I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>37</sup>**

### **Federal and State Tax Policies**

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Dubroff, Harold and Geske, Alvin, A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners, November 15, 1993.

Howard, Theodore, Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council, May 20, 1992.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

### **Capital Gains**

Growing timber to maturity is a long-term endeavor with significant risks. Inflation over the many years from the initial investment in forest land to timber harvest substantially reduces the gain on such investments. Reducing income tax on capital gains from timber income will remove from the tax code a disincentive for long-term stewardship. Current federal and state income tax laws fail to recognize the economic erosion caused by inflation on these long-term investments. Capital gains on timber are taxed the same as other investments that yield returns in much less time. Thus, the tax code discourages landowners from maintaining their timberland for long-term stewardship that is both economically and environmentally desirable; and impairs public values on private forest lands.

**Recommendation 8, to allow inflation adjustment on the original cost of timber.** Congress and state legislatures should change income tax policies to allow adjustments for inflation on the basis (original cost) of timber owned by forest landowners. This would tax landowners on the real gain (not inflationary gain) from selling timber, thereby recognizing the long-term nature of forest land investments. This recommendation refers to timber revenue only, not timber land revenue.

The inflation rate should be chosen through one of the existing mechanisms (Consumer Price Index, Treasury bill rates, or similar means).

For related recommendations, see recommendation 9 (Passive Loss).

**Responsible agency:** Congress and state legislatures should take immediate action to change income tax policies.

**Related findings in the Appendix:** All state and federal tax findings.

**References:** DeCoster Group, Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners, October 12, 1993.

Dubroff, Harold and Geske, Alvin, A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners, November 15, 1993.

Howard, Theodore, Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council, May 20, 1992.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

### Passive Loss

“Changes in federal tax laws under the 1986 tax reform act impacted the ability of many forest landowners in the Northern Forest to manage, own and conserve their lands for the long-term.”

State and Federal Taxes  
Subcommittee Finding, #1,  
page A-54.

**The 1986 tax reform act resulted in changes in IRS code which make it very difficult for forest landowners who do not manage their woodlands as a primary activity to deduct their annual forest management expenses against their income during the year in which the expenses occur, unless they happen to have forest land income (from a harvest) or other passive income for the year.**

**Current IRS tax policy in the area of “passive losses” is designed to prevent individuals and certain corporations from sheltering active business and portfolio income from income tax because of losses incurred in passive business activities (activities in which the taxpayer does not “materially participate”). This frequently results in forest landowners being subject to the passive loss rules, and subsequently losing the deduction for annual expenses.**

**To encourage forest landowners to continue managing their forests for long-term stewardship, it is essential that they be allowed to deduct normal expenses.**

**Recommendation 9, to eliminate rule on 100 hours per year.**

**Congress should eliminate the requirement that landowners generally must work 100 hours per year in forest management on their forest properties to be allowed to deduct normal management expenses from timber activities against non-passive income, instead of being required to capitalize these losses until timber is harvested. The IRS code should also allow various family configurations to qualify for this loss allowance since many lands in the region are family-owned.**

## **I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>39</sup>**

### **Federal and State Tax Policies**

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**For related recommendations, see recommendations 3 (Stewardship Incentive Program) and 8 (Capital Gains).**

**Responsible agency:** Congress should make this change within no more than five years.

**Related findings in the Appendix:** All state and federal tax findings.

**References:** DeCoster Group, Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners, October 12, 1993.

Dubroff, Harold and Geske, Alvin, A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners, November 15, 1993.

Howard, Theodore, Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council, May 20, 1992.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.



## **Sustainable Forest Management**

Since the Council's inception, people have expressed great concern over current management of the forest. Management for a wide range of benefits is central to the region's economic and environmental health and way of life. The forests have long been the primary economic foundation of the Northern Forest communities, and the continuation of the region's traditions depends on the continued vitality of forest management and the associated forest related industries.

The Council recognizes that many private landowners have been excellent stewards of the land, often for generations. These owners have worked diligently to maintain healthy and diverse forests that provide a multitude of economic and ecological benefits, despite public policies and economic forces that have discouraged the long-term stewardship of forest land. However, we are concerned that some landowners and woods operators are employing forest practices that may compromise the continuous production of the wide array of economic and ecological benefits that the region's forests traditionally have provided.

The Council recognizes that the forests of the region are prolific, renewable resources. When managed well, they not only sustain the region's traditional economy and way of life, but enhance them. This legacy of stewardship makes the Northern Forest so desirable today. We are heartened by indications that some in the forest industry have increased their commitment to address public values through better stewardship of their forest lands, and we encourage this trend. States should unequivocally support policies and educational efforts that improve forest management for a wide range of economic and ecological values.

In this light, the New England Society of American Foresters should be recognized for adopting the Society's Task Force Report on Sustaining Long-Term Forest Health and Productivity. This report is an example of fundamental information that can be used to continue this discussion.

### **Sustainability**

Sustainable management of the Northern Forest is central to the continuation of the region's way of life. Forest management can maintain water quality, preserve soil productivity, increase tree growth, provide habitat for a range of native species, and offer recreational opportunities.

The public must recognize the rights of private landowners to manage and utilize their lands for the production of forest resources as long as their management protects values like water quality, critical plant and wildlife habitat, and soil productivity. In turn, public and private forest managers must address public desires for the perpetuation of a full range of economic and ecological values by planning and implementing management that will produce a continuous and sustainable yield of forest resources (timber and non-timber) into the long-term future. Key elements of such management include the following Principles of Sustainability which address values to be protected across the forest landscape.

#### Principles of Sustainability

- Maintenance of soil productivity.
- Conservation of water quality, wetlands, and riparian zones.
- Maintenance or creation of a healthy balance of forest age classes.
- Continuous flow of timber, pulpwood, and other forest products.
- Improvement of the overall quality of the timber resource as a foundation for more value-added opportunities.
- Addressing scenic quality by limiting adverse aesthetic impacts of forest harvesting, particularly in high elevation areas and vistas.
- Conservation and enhancement of habitats that support a full range of native flora and fauna.
- Protection of unique or fragile natural areas.
- Continuation of opportunities for traditional recreation.

The Council recognizes and shares public concerns over high-grading (taking the most valuable trees and leaving an inferior forest stand behind) and over-reliance on clearcutting in the Northern Forest. On some parcels, clearcutting has been used not as a forest management practice but as a quick way to liquidate timber. However, silvicultural clearcutting and other intensive forest management methods (such as plantations) are legitimate forest management practices, provided they are consistent with the Principles of Sustainability. States should assess present forest practices and programs, and ensure their ability to achieve the Principles of Sustainability.

Many have urged us to recommend additional regulations as a simple remedy for unsound forest practices. Yet, experience around the country demonstrates that while regulation is important and can protect specific resources (such as water bodies) from harmful forest practices, true sustainable forestry results from landowners, foresters, and woods operators making thoughtful and knowledgeable decisions that are also economically viable. Consequently, we recognize and urge that to protect

"The forest products industry, including large and small landowners, manufacturing companies, businesses, and others dependent on the forest resource, can continue to be compatible with maintaining the diversity of the region's biological resources on managed lands, especially when resource managers are successful in finding systems that integrate biological diversity conservation along with other factors such as timber, recreation and wildlife."

Biological Resources  
Subcommittee Finding #11,  
page A-25.



## **I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>43</sup>**

### **Sustainable Forest Management**

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**the full range of forest values there needs to be an array of actions, including appropriate education, incentives, public-private partnerships, voluntary landowner-led initiatives, and regulation.**

#### **Education about Sound Forest Management**

**Recommendation 10, to educate forest users and the public about sound forest management. States should strengthen and expand current programs to inform loggers, foresters, landowners, and the general public about sound forest management practices, and the Principles of Sustainability. These programs should include continuing education for foresters and loggers. Examples include the following:**

- (a) State-based logger membership associations should initiate or expand certified professional logger programs to better inform loggers about sound forest management practices, biological resources conservation, and existing laws; and to increase the number of certified loggers.**
- (b) State forester licensing bodies (where they exist) and professional forestry groups should require education about forest management techniques that are compatible with maintenance of biological diversity and ecosystem management (as defined on page 85).**
- (c) States and private groups should initiate landowner training in sound forest management techniques and awareness of licensing and certification programs.**
- (d) State and private groups should initiate public education programs about sound forest management to increase awareness of the benefits of forestry and the implications of management on the resource.**
- (e) Agencies should provide advice and technical assistance to landowners and land managers regarding compliance with regulations to insure that forest operations are designed to protect the resource.**

“Information on forest management techniques to maintain biological diversity is difficult for landowners and land managers to obtain. Furthermore, there is no mechanism for several landowners to integrate and coordinate their management decisions on the landscape scale.”

Biological Resources  
Subcommittee Finding  
#12, page A-25.

#### **Forest Practice Regulations and Programs**

**Recommendation 11, to assess forest practices and programs. States should conduct, by June 1996, and periodically thereafter, scientifically-based assessments of the impact of existing forest**

practices, programs, and regulations, to evaluate their adequacy in achieving the Principles of Sustainability listed above. If changes are necessary to address inadequacies in protection and programs, the states need to act to improve forest practices statutes, and properly fund and support forest management programs, regulations, and enforcement.

Agencies responsible for enforcement of existing forest practices acts, water quality protection, and other associated regulations must have full funding and be staffed adequately.

### Cooperation to Achieve Sustainability

**Recommendation 12, to achieve Principles of Sustainability.** State forest roundtables (described on page 93), or something of a similar nature, should implement action to achieve the Principles of Sustainability. They should create a process to define credible benchmarks of sustainability for a variety of forest types to achieve the Principles of Sustainability. These benchmarks, in the form of practical, on-the-ground techniques, should be defined by June 1996. Forest managers, both public and private, should then compare their own management to such benchmarks and be willing to commit to producing a sustainable flow of wood and other amenities from their lands. Public agencies and private organizations should also collaborate with the roundtables to publicize the benchmarks, explain their application, distribute them to forest landowners, and work to educate the public that timber harvesting is a responsible forest use as long as the forests' long-term ability to continue producing timber and other benefits is maintained. (State forest roundtables are described in detail in the Post Council Action section.)

This recommendation does not preclude actions today by individual landowners. In fact, we encourage landowners to be pro-active in developing such standards for their own management.

For related recommendations, see recommendations 3 (Stewardship Incentive Program), 5 (Current Use Tax Programs), 20 (Water Quality), 21 (Biological Diversity), 33 (State University Cooperation), and 37 (Natural Resource Education for the Public).

**Responsible agency:** State conservation agencies and the state forest roundtables should begin immediately to implement these recommendations.

## **I. FOSTERING STEWARDSHIP OF PRIVATE LANDS<sup>45</sup>**

### **Sustainable Forest Management**

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**Related findings in the Appendix** Biological resources 10, 11, 12; and local forest-based economy 15.

**References:** Ash Cove Consulting, Maintaining Biological Diversity on Private Forest Lands: Voluntary Techniques, August 24, 1993.

Brocke, Rainer, Recommendations to the Northern Forest Lands Council with Comments on a Briefing Paper, June 23, 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

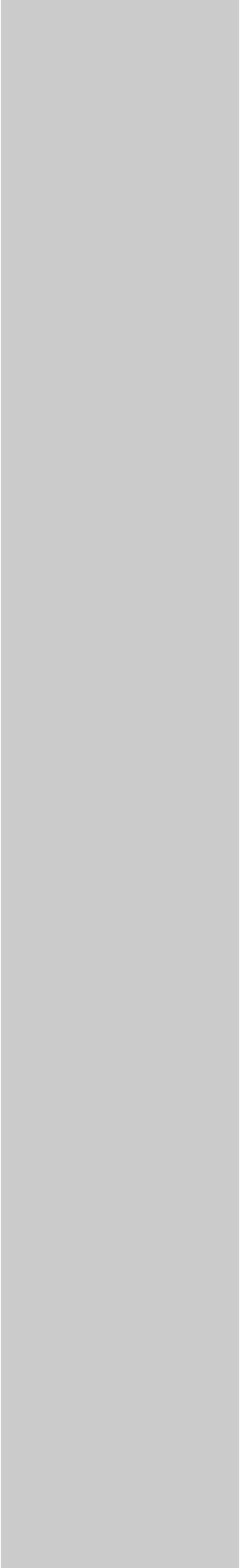
Northern Forest Lands Council, Summary of Proceedings: Biological Resources Diversity Forum, December 9, 1992.

## **I. PROTECTING EXCEPTIONAL RESOURCES**

**The public expressed widespread support for protecting lands and resources with “exceptional” public values. These range from habitats of rare and endangered species, to recreation trail corridors, to unusual natural communities, to high amenity lands such as scenic shorelines or other especially scenic areas. Our land conversion research showed that these lands are more at risk to changes in use than lands without such attributes.**

**The traditional way to protect such resources has been through outright acquisition of land by a public agency. The contribution of private lands in conserving public values is just beginning to be recognized.**

**In this section, the Council proposes (1) mechanisms to assess what “exceptional lands” need protection in each Northern Forest state; (2) fair and proper allocation of existing funds and new funds for these purposes; and (3) new partnerships and alternatives to fee acquisition to achieve conservation of public values on private lands.**



## Public Land Management and Acquisition

**Public land acquisition and management are important tools in protecting components of the full range of values in the Northern Forest, where private lands cannot be expected to provide or protect such values. The Council supports public land acquisition and easements as set forth in the recommendations of this section, as part of an overall strategy to conserve the Northern Forest.**

**Public lands, amounting to 15% of all lands in the region, have long been a part of the traditional mix of ownerships in the Northern Forest. These patterns, however, differ from state to state. New York has a larger percentage in public ownership, while Maine contains a smaller percentage.**

### Management of Public Lands

**State and federal land management agencies have experienced significant declines in funding for management of existing public holdings. Use of public land has increased while resources and budgets for management have declined. Facilities have fallen into disrepair; some even pose threats to public safety. Other areas cannot be made available for public use because of funding constraints. Recent laws, including the Americans with Disabilities Act and the Federal Safe Drinking Water Act, impose additional costs on land managers, often without providing sufficient funds to meet them. Additional public land acquisitions that do not include funds for future management will further stress an already-overburdened public land system.**

#### **Recommendation 13, to fund public land management agencies.**

**Congress and the states should provide sufficient funds to public land management agencies to manage and maintain existing public land holdings and recreation facilities for increased public use; to protect fragile areas; and to enhance public health and safety at existing facilities. Congress and the states should also provide sufficient funding to meet the costs of administering conservation easements held by public agencies.**

**For related recommendations, see recommendations 14  
(Management of Private and Public Recreational Lands), 15**

“State-based programs play a crucial role in land conservation in the region; however, funding for public conservation and land management at all levels is often inadequate. Further, the increased need for additional management funding is rarely tied to new public land acquisitions. Recent trends in funding for management, repairs and improvements on public ownerships are also down.”

Conservation Strategies  
Subcommittee Finding #6,  
page A-29.

“Maintenance of buildings, comfort facilities, and trails in public parks and forests is often lacking. Poor upkeep and maintenance of facilities affects one’s recreational experience.”

Recreation and Tourism  
Subcommittee Finding  
#21, page A-50.

(Identification of Lands of Exceptional Value), 16 (Land and Water Conservation Fund), 17 (State Funding for Acquisition) and 18 (Conservation Tools Other than Acquisition).

**Responsible agency.** Congress and the states should act immediately to fund management of existing public lands and conservation easements held by public agencies.

**Related findings in the appendix.** Land conversion 1, 2, 3, 8, 9, 10, 11, 24; biological resources 14; and all conservation strategies findings.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

"There is a lack of sufficient economic contributions by some recreational users, and by the public who demand or desire public recreational use of private lands. Some user groups have indicated their willingness to contribute funds to a recreational access program through a tax on recreational equipment, though no structure exists to undertake this task."

Conservation Strategies  
Subcommittee Finding #9,  
page A-29.

## Management of Private and Public Recreational Lands

To reach future land conservation goals, all recreation user groups must share the costs of conservation and management of important outdoor recreation resources and facilities. For many years hunters and anglers have contributed to the conservation of fish and wildlife species through excise taxes on the manufacture and export of hunting and fishing equipment and through license purchases. Boaters also help pay for new water access areas through fuel taxes. The proceeds from these excise taxes are conveyed to the states through the Pitman-Robertson, Dingell-Johnson, and Wallop-Breaux programs, which provide funding for fish and wildlife related activities.

Those who enjoy the outdoors in ways other than hunting, fishing, and boating have impacts on public and private land resources. All user groups have an interest in and should support contributing to the care and conservation of habitat and maintenance of outdoor recreational facilities. These user groups also require services and information to foster their enjoyment. In fact, the Council heard from many members of the public that they are willing and able to contribute to conservation efforts when they are sure that the funds will be used for the intended purposes.

Since the Council issued its draft recommendations, the International Association of Fish and Wildlife Agencies has advanced a proposal to create a Wildlife Diversity Initiative to provide a parallel funding program to the Pitman-Robertson, Dingell-Johnson, and Wallop-Breaux programs to support non-game wildlife programs through flexible grants to the states. As is the case for the existing fish and wildlife programs, this new initiative would be financed through a manufacturer's excise tax on outdoor equipment. (It should be emphasized that hunting and fishing equipment would not be taxed again under such a program). This effort

should provide funding for the states to support public access on private lands, as well as management and expansion of outdoor recreation opportunities on private and public lands. Such funding also should allow for assistance and fair compensation to landowners who provide public recreation opportunities on their lands.

Recommendation 14, to institute a national excise tax on recreation equipment. Congress should institute a national excise tax on outdoor specialty recreation equipment (e.g., climbing gear, hiking boots) to support wildlife and recreation management on public lands, and to support recreation opportunities on private lands through assistance and compensation to the landowners. The International Association of Fish and Wildlife Agencies' Wildlife Diversity Initiative is an example of a potential framework for this program, although, unlike the Council recommendation, it does not address public use of private lands for recreation. The tax collection and distribution system should be modelled after the Pitman-Robertson, Dingell-Johnson, and Wallop-Breaux programs of the U. S. Fish and Wildlife Service. Revenues should be distributed to all 50 states according to a specific formula developed in close collaboration with the states.

For related recommendations, see recommendations 13 (Management of Public Lands) and 26 (Recreation and Tourism on Private Lands).

Responsible agency. Congress should act immediately to institute the excise tax, to be distributed through the U. S. Fish and Wildlife Service.

Related findings in appendix Conservation strategies 6, 8, 9; and recreation and tourism 11, 17, 21.

References. Brown, Tommy, Forest Conservation, Forest Recreation and Tourism and the Forest Products Industry: Interrelations and Compatibility, October 7, 1993.

Brown, Tommy, Outdoor Recreation and Tourism Studies Applied to the Northern Forest Lands: Literature Review and Analysis, October 7, 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

## Identification of Lands of Exceptional Value for Public Acquisition

The Council recognizes the importance and appropriateness of public land acquisition and easements to conserve public values on exceptional or



important lands. For example, the Council's land conversion study results clearly showed that lands most affected by conversion are the "high amenity" areas, particularly shorelines and scenic areas. There is concern that large tracts of important forest lands may not be maintained for the long term in areas with significant development pressures.

Given this, the Council sees three basic strategies for public land acquisition in the Northern Forest:

1. Acquisition of land in fee to conserve exceptional recreational, ecological, or scenic values.
2. Acquisition of rights-of-way or other limited easements in land where the property remains in private ownership but where negotiation with the owner can provide selective public benefits such as a trail corridor, fishing access, or protection of critical habitat.
3. Acquisition of conservation easements on large tracts where forest production and/or other important public values may be threatened over the long run by significant development or other pressures. (See Section I, Stewardship Incentives, page 25.)

In some cases these approaches may be combined to fit the particular character of the land or landowner. The Council supports a land acquisition program that uses these tools appropriately.

The Council believes that voluntary, willing seller/willing buyer purchases are a basic and fundamental requirement in all three types of public land acquisition activities described above. Further, the Council believes that full fee public acquisition is generally not an appropriate mechanism for maintaining the extensive working forest component across the broad landscape of the Northern Forest. Instead, conservation easements offer significant opportunities to protect public values while maintaining working landscapes and private ownership. In fact, a well-designed and well-funded conservation easement or development rights purchase program would be highly effective in achieving the Council's goals over the next half century.

**Recommendation 15. to refine state land acquisition planning programs.** By June 1996, states, in consultation with local governments, should refine their existing state land acquisition programs to follow a goal-oriented, public planning process that:

- (a) identifies and sets priorities for acquisition of fee or less-than-fee interests in exceptional and important lands. The criteria for such lands include:

"Some land on the market today may have important public and private values and is available from willing sellers. The amount of land actively for sale in the region is not fully known. It is also not fully understood how much of this land is of broad conservation interest. Where these lands are of conservation interest, public acquisition of fee or less-than-fee interest in these lands can protect these values for the future and create opportunities for federal, state, local, and private partnerships in land conservation."

Conservation Strategies  
Subcommittee Finding #20,  
page A-30.

- places offering outstanding recreational opportunities including locations for hunting, fishing, trapping, hiking, camping, and other forms of back-country recreation;
- recreational access to river and lake shorelines;
- land supporting vital ecological functions and values;
- habitats for rare, threatened, or endangered natural communities, plants, or wildlife;
- areas of outstanding scenic value and significant geological features;
- working private forest lands that are of such significance or so threatened by conversion that conservation easements should be purchased.

“Forrest land conversion is most likely to occur in areas with significant recreational, scenic, and wildlife habitat values. As a result, these resources are more seriously affected by conversion activities than are lands without these attributes.”

Land Conversion  
Subcommittee Finding #8,  
page A-19.

- (b) acquires land or interest in land only from willing sellers.
- (c) involves local governments and landowners in the planning process in a meaningful way that acknowledges their concerns about public land acquisition.
- (d) recognizes that zoning, while an important land use mechanism, is not an appropriate substitute for acquisition.
- (e) ensures that unilateral eminent domain will only be used with the consent of the landowner to clear title and/or establish purchase price (i.e., “friendly” condemnation).
- (f) efficiently uses public dollars by purchasing only the rights necessary to best protect identified, exceptional values.
- (g) weighs the potential impacts and benefits of land and easement acquisition on local and regional economies.
- (h) considers the necessity for including costs of future public land management in the assessment of overall costs of acquisition.
- (i) minimizes adverse tax consequences to municipalities by making funds available to continue to pay property taxes based at least on current use valuation of parcels acquired, payments in lieu of taxes, user fee revenues, or other benefits where appropriate.
- (j) identifies the potential for exchanging currently owned public land for privately held land of greater public value.
- (k) provides that lands purchased are used and managed for their intended purposes.

“Opportunities exist to work closely with private landowners to further land conservation efforts; however, landowners’ fears about the negative consequences of land conservation are impeding these efforts. These fears include current and potential land use regulations that may be inequitable, have no scientific basis and are ever changing, and government’s use of eminent domain and condemnation powers to create new public ownerships.”

Conservation Strategies  
Subcommittee Finding #3,  
page A-28.

For related recommendations, see recommendations 16 (Land and Water Conservation Fund), 17 (State Funding for Acquisition), 18 (Conservation Tools Other than Acquisition), 19 (Conservation Transactions), and 21 (Biological Diversity).

**Responsible agency.** State conservation agencies and acquisition agencies should immediately begin the process of acquisition planning at the state level.

**Related findings in the Appendix.** Land conversion 1, 2, 3, 8, 9, 10, 11, 24; biological resources 1, 2; and all conservation strategies findings.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

James W. Sewall Company and Market Decisions, Northern Forest Lands Council: Land Conversion Study, April 9, 1993.

## Acquisition Funding for Lands of Exceptional Value

**Existing funding sources for state land acquisition are insufficient to acquire lands of exceptional ecological, recreational, and cultural value, and other important lands as identified in the previous recommendation. The Council supports increased land acquisition funding at both the state and federal level to meet this need.**

### Land and Water Conservation Fund

**Created 30 years ago by an act of Congress, the Land and Water Conservation Fund (LWCF) was designed to provide reliable funding for federal land acquisition and for grants to states (and through states to local governments) on a matching basis to help support conservation and recreation activities such as land acquisition and development of recreational facilities. The LWCF program continues to provide funding for federal land acquisition, but in recent years funding for state and local governments has been so reduced that it is no longer meaningful. The Land and Water Conservation Fund is currently authorized at \$900 million per year. However, Congress has never appropriated the fully-authorized amount, but has allocated the balance to other programs. LWCF expenditures in northeastern states have been disproportionately small compared to those in the west, given the northeast's important natural resources and the population they serve. State grants nationwide declined from a peak of \$376 million in 1979 to less than \$25 million in 1994. In addition, the conditions and regulations for use of the money reduced the flexibility and usefulness of the program. (We recognize that several efforts are currently underway in Congress and the Administration to more fully assess these issues and to examine the future of the LWCF program.)**

**The Council believes that reliable sources of funding are needed to re-establish a working partnership among local, state, and federal**

"The federal Land and Water Conservation Fund historically has been an important funding mechanism for public acquisition and improving public recreational access in the Northern Forest region. However, the states in the Northeast have received less and less support from this program over time, as the emphasis has shifted to more federal acquisitions in other regions of the country."

Conservation Strategies Subcommittee Finding #7, page A-29.

governments to carry out the recommendations made through careful analysis and citizen involvement. Congress should act swiftly to restructure and restore the state-side of the Land and Water Conservation Fund. This would provide increased funding for the states to purchase and maintain land or conservation easements, and to develop needed outdoor recreational facilities in cities, small towns, and rural areas, including the Northern Forest area of New England and New York.

**Recommendation 16, to fund the Land and Water Conservation Program.** Congress should fund the overall Land and Water Conservation Program at the currently authorized level, with at least 60% of the funds going to the states. Along with adequate funding, Congress should revise the law to provide greater flexibility to the states allowing increased efficiency in expenditure of LWCF monies. The states should use broad based planning processes to allocate LWCF monies within their boundaries.

### State Funding for Acquisition

Historically, each state has provided funding for land conservation through such strategies as bond acts, dedicated funds, and public/private partnerships. In recent difficult economic times these sources have dwindled or disappeared entirely.

**Recommendation 17, to fund state land acquisition programs.** States should continue their history of providing funding for land acquisition through land purchase bonds, dedicated funds, private contributions, and legislative appropriations to purchase fee or less-than-fee interest in lands in conformance with the land acquisition process described above.

“Over the last decade, many landowners took advantage of state and federal land acquisition programs. Today, many landowners would likely be willing to sell additional forest land outright to the public or through conservation easements if sufficient funding were available.”

### Conservation Tools Other than Acquisition

**Recommendation 18, to employ a variety of conservation tools.** States should employ a variety of tools in addition to fee acquisition to conserve working landscapes and public values, including:

- (a) exchanges of land and less-than-fee interests such as perpetual conservation easements.

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#13, page A-29.

- (b) short and long term cooperative agreements with landowners for the protection of plant and animal species, scenic overlooks, and trailheads
- (c) public purchase of specific public recreation rights (independent of other property interests) such as fishing and boating access, snowmobile, cross country skiing and hiking trails.
- (d) partnerships with private land trusts to acquire land in situations where emergency actions and bridge loans are needed, or where complex approaches, such as partial development or land exchanges, are appropriate.

**For related recommendations, see recommendation 2 (State Easement Programs), 13 (Management of Public Lands), 14 (Management of Private and Public Recreational Lands), 15 (Identification of Lands of Exceptional Value), and 19 (Conservation Transactions).**

**Responsible agency.** Congress should act immediately to adequately fund the state-side of the Land and Water Conservation Fund and to revise the program to provide increased efficiency and flexibility.

**Related findings in the appendix.** Land conversion 1, 2, 3, 8, 9, 10, 11, 24; biological resources 14; and all conservation strategies findings.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

## Conservation Transactions

Limited public funds and bureaucratic requirements for land acquisition often make the process cumbersome and lengthy. This discourages some landowners who might otherwise be interested in selling land or interest in land to public entities. Action is needed to remove disincentives and encourage such transactions.

“Based on national surveys, the general public prefers forests over development and would likely respond to tax policy incentives which encourage forest conservation.”

State and Federal Taxes  
Subcommittee Finding  
#11, page A-55.

**Recommendation 19, to exclude from income tax a portion of the gain from conservation sales.** Congress and the state legislatures should change their income tax codes to exclude from income tax a portion of the gain received from sale of “qualified forest lands” and conservation easements (see below) to public conservation agencies (or third party organizations if lands are re-conveyed to a public agency within two years).

- (a) For sale of a conservation easement, the exclusion from income tax should be 100 % of the gain.
- (b) For sale of fee title, the exclusion from income tax should be 35 % of the gain, up to a maximum of \$100,000 in taxes payable.
- (c) For sale of fee title to third party entities (such as non-profit land trusts), the exclusion should be allowed only if lands are re-conveyed to a public agency within two years.

“Qualified forest lands” and conservation easements are those identified through a state-based open space and public acquisition planning process, as described in Recommendation 15. Third party transfers should be only through non-profit organizations identified as part of the state acquisition planning process. If land is sold to third parties, landowners would only be allowed the income tax reduction retroactively upon final disposition to a government agency, not at time of sale to the non-profit.

For related recommendations, see recommendation 1 (Forest Legacy), 2 (State Easement Programs), 15 (Identification of Lands of Exceptional Value), 16 (Land and Water Conservation Fund), 17 (State Funding for Acquisition), and 18 (Conservation Tools Other than Acquisition).

**Responsible agency:** Congress and the state legislatures should enact this policy within five years.

**Related findings in the Appendix**All state and federal tax findings; and all conservation strategies findings.

**References.** DeCoster Group, Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners, October 12, 1993.

Dubroff, Harold and Geske, Alvin, A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners, November 15, 1993.

Howard, Theodore, Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council, May 20, 1992.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

## Water Quality

The Council received considerable comment about the importance of water quality in the rivers, streams, and lakes of the Northern Forest. Clean water is fundamental to residents' quality of life, and provides the basis for much of the region's recreation and tourism. People are concerned about siltation, phosphorous loading, and other degradation to the region's water.

The Federal Clean Water Act and related state legislation have improved water quality, particularly in the region's rivers. Many point sources of pollution have been eliminated or treated to reduce impacts on receiving waters. The Clean Water Act and state laws now protect significant wetlands from being filled, and reduce the impacts of water use on fish populations. Many rivers are now cleaner than they were 20 years ago.

Significant problems remain, however, in addressing those sources of water pollution that come from diffused, scattered sources (non-point pollution). Non-point pollution can come from new or old septic systems, from land clearing and road construction, from air pollution, from highways, development, lawns, improperly managed agriculture or forestry, and even from intensive boating use. Well-managed forests, on the other hand, can improve water quality. Many other recommendations in this report regarding forest stewardship, if implemented, will further protect and enhance water quality.

The continued degradation of many lakes and some rivers within the Northern Forest is evidence that water pollution problems are not all solved. States must redouble their efforts to review the impacts of different land uses on water quality, and halt the decline. States must also continue participating in national efforts to reduce air pollution, a contributor to acidification of lakes and related water pollution problems.

**Recommendation 20, to assess water quality trends.** By June 1996, states should assess water quality trends within the Northern Forest from existing data, report on suspected or confirmed causes of identified deterioration, and propose revisions to state water pollution laws to stem that deterioration. Recommendations should include identifying, where needed, additional sources of funding for enforcement and administration of water pollution control programs and for assistance to local



**governments, property owners, and lake and watershed associations to improve water quality.**

**For related recommendations, see recommendation 33 (State University Cooperation), and 34 (Land Conversion Trends).**

**Responsible agency.** The Congress should direct the Environmental Protection Agency, and state legislatures should direct their natural resource protection agencies, to conduct these assessments by June 1996.

**Related findings in the Appendix** Land conversion 8; and biological resources 2, 5, 7.

**References.** James W. Sewall Company and Market Decisions, Northern Forest Lands Council: Land Conversion Study, April 9, 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Biological Resources Diversity Forum, December 9, 1992.

## Biological Diversity

Biological diversity, or “biodiversity” for short, has recently attained prominence as one indicator of ecosystem health. The science of biodiversity is relatively new and complex and is rapidly evolving. The Council believes that maintaining the region’s biodiversity is important in and of itself, but also as a component of stable forest-related economies, forest health, land stewardship, and public understanding.

Working now to conserve biodiversity will maintain options for future generations living and working in the Northern Forest.

Biological diversity ensures continued forest productivity in the face of changes in atmospheric, climatic, or site conditions. Conversely, land uses that transform or irreparably damage the landscape can decrease biodiversity and therefore could reduce the long-term sustainability of the forest.

People have cited a number of concerns for the future of biodiversity including forest fragmentation, conversion of working forests to other uses, and, in some cases, inappropriate forest practices. Also, current and future economic and other pressures on landowners may impair their ability to consider biodiversity in their management decisions. Many private landowners are concerned about the implications of biodiversity issues for their use of their lands, and what it means to manage for biodiversity.

Two components of the Council’s mission are to encourage a sustainable yield of forest products and to perpetuate recreation, wildlife, scenic and wildland resources. These two are not incompatible; the Council and others believe that well-managed multiple use lands can and do play a major role in conserving and enhancing biological diversity. Indeed, both private and public forest landowners have done a great deal to protect biodiversity on their lands already.

Biological systems are dynamic in nature. For example, present-day biodiversity differs from that of a century ago or that at the time of European settlement. The Council’s recommendations are designed to conserve the present diversity and to enhance it where possible.

The Council believes that the region’s biological resources must be viewed from a landscape perspective—that is, beyond the individual tract or ownership. Where this concept is difficult, strategies must be developed which avoid the kinds of controversies that have erupted elsewhere.

Many different definitions exist for biodiversity. The following are a few that we encountered in our work.

“The variety and abundance of species, their genetic composition, and the communities, ecosystems, and landscapes in which they occur. It also refers to ecological structures, functions, and processes at all of these levels. Biological diversity occurs at spatial scales that range from local through regional to global.”

Society of American Foresters

“The variety of life and its processes.”

USDA Forest Service

“The diversity of life in all its forms, and at all levels of organization. ‘In all its forms’ reminds us that biodiversity includes plants, invertebrate animals, and microorganisms, as well as vertebrates that garner most of the attention. ‘All levels of organization’ indicates that biodiversity refers to the diversity of genes and ecosystems, as well as species diversity.”

Dr. Malcolm Hunter, University of Maine

"Any action to conserve biological resources is likely to have economic and social effects. Therefore, to be widely accepted, initiatives to conserve biological resources must address the needs of people as an integral part of the environment."

Biological Resources  
Subcommittee Finding #4,  
page A-24.

"The Northern Forest region is characterized by a diverse land ownership and management pattern; therefore, a full range of techniques and mechanisms should be available to maintain and enhance the diversity of the region's biological resources."

Biological Resources  
Subcommittee Finding #7,  
page A-24.

During its research, the Council heard from members of the scientific community who advocate creation of ecological reserves as an essential means to conserve biodiversity. Some have promoted the establishment of large reserves for ecological as well as non-scientific values such as aesthetics, personal renewal, and non-motorized recreation. The Council recommends that states focus on the scientific rationale for identifying and establishing ecological reserves.

While the concept of ecological reserves is somewhat new, they already exist on federal, state, and private land in the Northern Forest region by other names (e.g., natural areas, Research Natural Areas, preserves, Wilderness areas, etc.). The exact acreage of such currently-protected areas is not known but it is a small proportion of the region.

The Council also learned that the scientific community has not reached consensus on the size and design of an ecological reserve program. While more research is needed to determine the size, scope, and parameters of a reserve system, the experience of the state of Maine offers some insight into this question. The state conducted a preliminary scientific assessment for the establishment of an ecological reserve system. That assessment indicates that a reserve system would be limited in size, encompassing only a small portion of the landscape.

We emphasize that ecological reserves are only one part of a four-part approach to maintaining and enhancing biodiversity. The other approaches include biodiversity definition and assessment, dissemination of forest management techniques to enhance biodiversity and landowner education and incentives. In addition, the forest management section of the recommendations speaks to enhancing biodiversity within the working forest.

**Recommendation 21, to conserve and enhance biodiversity.** By June 1996, states should develop a process to conserve and enhance biodiversity across the landscape:

- (a) First, assess the status of biodiversity in each state and determine the current level of protection on public lands and on private conservation lands by voluntary landowner agreement. Then, if needed, state conservation agencies and private landowners should consult and agree upon ground rules for assessing biodiversity on private lands. Written permission is essential for entry onto private lands during new biodiversity surveys.

- (b) Provide landowners with information about how to conserve biodiversity on their land through both forest management practices and establishment of ecological reserves. State conservation agencies should collect and distribute this information.**
- (c) Provide financial incentives to landowners for measures taken to conserve and enhance biodiversity including strengthened Stewardship Incentive Program practices and reduced property tax valuations and/or exemptions.**
- (d) Using scientific assessment and analysis, create ecological reserves as one component of state public land acquisition and management programs. Given current scientific knowledge, and economic, social, and political constraints, the Council envisions that such a system will be limited and should be re-assessed for scope as the science develops. The following criteria should be followed:**
  - (1) Areas selected should meet the definition of an ecological reserve (see the definition at right).**
  - (2) Selection must be according to the state's open space planning and acquisition plans (see Recommendation 15).**
  - (3) Before new ecological reserves are established, the extent of ecological values already protected on public lands and private conservation lands must be assessed.**

The Council defines an ecological reserve as "an area established to maintain in a relatively undisturbed state one or more ecosystems representative of a region." To properly understand the definition and use of the term "ecological reserve", several points need explanation. First, the Council recommends that the need, size, and location of ecological reserves will be based on sound science and determined through the Council-proposed open space planning process (see Recommendation 15). Second, human uses and activities allowed in a reserve, regardless of size, must be compatible with the scientifically-determined ecological value(s) of the particular site(s).

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**For related recommendations, see recommendation 3 (Stewardship Incentive Program), 10 (Education about Sound Forest Management), 11 (Forest Practice Regulations and Programs), 12 (Cooperation to Achieve Sustainability), 13 (Management of Public Land), 15 (Identification of Lands of Exceptional Value), 16 (Land and Water Conservation Fund), and 33 (State University Cooperation).**

**Responsible Agency.** All state agencies with conservation, fisheries and wildlife management, forestry, and natural resources planning functions should collaborate to carry out these actions. The state conservation agency should serve as lead. Many of the recommendations in this section require a long deliberative process that will take several years to complete. The Council recommends that states give serious consideration to moving these processes forward in the first two years following the end of the Council's work. The State of Maine has already begun this work. Identification of existing, de facto reserves can take place concurrently.

**Related findings in the Appendix** All biological resources; land conversion 2, 8, 15; conservation strategies 1-6, 11, 13, 14, 19-21, 23; local forest-based economy 15; property taxes 5, 10, 22; recreation and tourism 1; and state and federal taxes 10, 11.

**References.** Ash Cove Consulting, Comparison of Ecological Classification Systems in the States of Maine, New Hampshire, New York and Vermont, May 19, 1993.

Ash Cove Consulting, Federal, State and Private Initiatives for Preserving Biological Diversity, July 12, 1993.

Ash Cove Consulting, Maintaining Biological Diversity on Private Forest Lands: Voluntary Techniques, August 24, 1993.

Brocke, Rainer, Recommendations to the Northern Forest Lands Council with Comments on a Briefing Paper, June 23, 1993.

DeCoster Group, Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners, October 12, 1993.

Haines, Sharon and Hunter, Malcolm, An Ecological Reserve System for the Northern Forest Lands of New England and New York, January 12, 1993.

McMahon, Janet, An Ecological Reserve System for Maine: Benchmarks in a Changing Landscape, Report to the 116th Maine Legislature, Natural Resources Policy Division, Maine State Planning Office, May 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Biological Resources Diversity Forum, December 9, 1992.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.

President's Commission on Environmental Quality, Biodiversity on private lands. President's Commission on Environmental Quality: Washington, DC. March 1993.

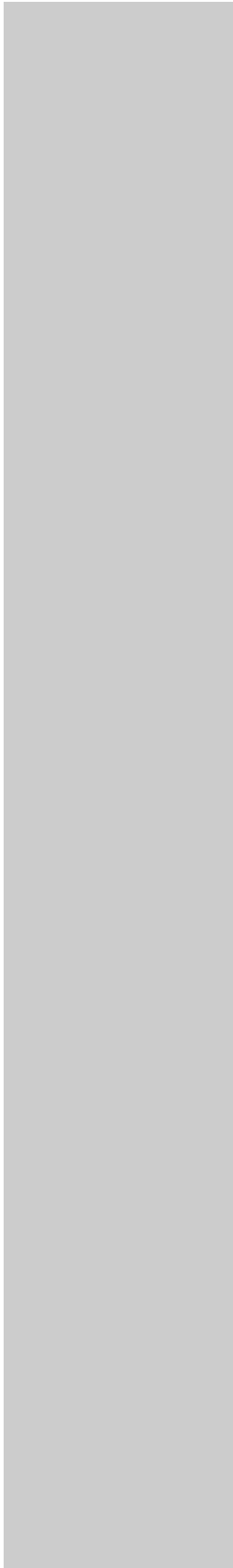
### III. STRENGTHENING ECONOMIES OF RURAL COMMUNITIES

Communities within the Northern Forest are typically small and reliant on the forests around them for jobs and other local uses such as recreation. Their residents depend on them for maintaining the quality and character of their lives. Their economies generally rise and fall in response to changes in forest products markets, tourism, and other forces often beyond their control.

For rural communities in the Northern Forest to be healthy and sound, they must have healthy and sustainably managed forests. Indeed, the two are interconnected. The Council has seen also that many new opportunities could strengthen the rural communities and their economies through positive actions to enhance and diversify natural resource-based enterprises.

The recommendations in this section focus on ways that forest-related businesses can improve their markets and futures, while protecting the “assets” upon which they are founded. They also explore how communities can broaden their economic base in ways that conserve the natural resources that are the source of their traditions and ways of life.

An explicit goal of the Council is that residents of the region have the tools to secure and enhance their own communities in the years to come.



## Community Development

Opportunities are expanding in the region for employment in value-added sectors of wood product manufacturing. However, businesses cannot take advantage of these opportunities because the region lacks supportive public policies. Many people question why raw logs and wood chips are exported to other countries, when they could be processed here, keeping related jobs at home. Many also question if the region's wood is being put to its highest and best use. All recommend that the region improve its capacity to turn its own forest resources into higher value products. In addition, changing demographics and public tastes have created new opportunities to market the forest as a destination for high quality, nature-based tourism. Additional support of the private sector is needed to provide new jobs in forest-based industries, including recreation and tourism, and to improve the security and well-being of local residents and their communities.

### Rural Community Assistance

Northern Forest communities are highly dependent upon and subject to changes in the forest products industry. Recently, this dependence has brought instability as many of the region's forest products firms have struggled to compete with modern mills, new technologies, and low wage labor competition elsewhere in the country and world. Although recent data show that forest products output is increasing, the changes have closed mills and eliminated local jobs in Northern Forest communities, resulting in loss of community stability and increased dependence on public assistance.

To stem this downturn, the region needs greater investment in economic activities that promote efficient use of forest resources and that diversify its economy. Identification and prioritization of such activities should be directed by sound business decisions and, as much as possible, by local communities and in-state regional planning organizations, with state planning assistance.

The Rural Development Through Forestry initiative, part of the USDA Forest Service Rural Community Assistance programs, has shown significant early successes, and has considerable promise for future application in the Northern Forest. In the Northeast, grants are awarded to states to take on specific, natural resource-based state and local economic



development projects identified in five-year plans. States are now in the fourth year of their first plans. Many projects are underway which promise success if there is ample and continued federal funding.

**Recommendation 22, to increase funding for Rural Community Assistance programs.** Congress should increase funding for the USDA Forest Service's Rural Community Assistance programs in the Northeast. These programs encourage local communities to strengthen and diversify their natural resource-based economies. Recommendations 23, 24 and 33 could be funded effectively through this program.

For related recommendations, see recommendations 23 (Market Development and Expansion), 24 (Financial and Technical Assistance), and 33 (State University Cooperation).

**Responsible agency.** Congress should appropriate additional funds for the Rural Community Assistance program. In addition, Congress and the Forest Service should continue the present five-year program for another cycle.

**Related findings in the Appendix**Local forest-based economy 19.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Forest-based Economic Development in the Northern Forest, April 4, 1992.

## Market Development and Expansion

Many of the region's forest products manufacturers are small and unable to fill large orders individually. Many are also reluctant to share market information or cooperate with one another for fear of losing essential business, and because of legal prohibitions such as the Sherman Anti-trust Act. As a result, firms forego opportunities to increase earnings, decrease expenses, and add extra support to local economies. For example, if a group of lumber mills could work together to fill one large order for lumber for export, all would gain income from the sale. Likewise, a furniture manufacturer might be able to buy component materials more locally (and cheaply) if there were good information on nearby suppliers.

**Recommendation 23, to encourage marketing cooperatives and networks.** State and federal forestry and economic development agencies should encourage and support primary and secondary

"Marketing of forest-based products and services by businesses is not sophisticated. Reasons include: little long range planning; not responsive to market trend changes; regional coordination of marketing lacking; and, unresponsive to rapidly changing consumer tastes."

Local Forest-Based  
Economy Subcommittee  
Finding #13, A-35.

### III. STRENGTHENING ECONOMIES OF RURAL COMMUNITIE\$9

#### Community Development

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wood products firms by fostering establishment of marketing cooperatives or networks. Such actions would:

- (a) nurture formal and informal dialogue on new business ideas.
- (b) connect buyers and suppliers of wood products to promote joint purchasing and manufacturing.
- (c) develop flexible manufacturing networks to enable many small producers to work together, filling larger orders than they could individually.

For related recommendations, see recommendations 22 (Rural Community Assistance), 24 (Financial and Technical Assistance), and 25 (Community Development Financial Institutions).

**Responsible agency** State and federal forestry and economic development agencies are the most appropriate agencies to encourage marketing cooperatives. They should act immediately on this recommendation.

**Related findings in the Appendix**Local forest-based economy 12, 13.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

#### Financial and Technical Assistance

Natural resource-based businesses—both existing and prospective—are thwarted by business climate factors and restricted access to financing. Recent bank failures and subsequent consolidations have further reduced financing opportunities. Many bank officials who process loans are unfamiliar with rural, resource-based economies and their special needs. As a result, natural resource-based businesses struggle to find financing, or they do without. In addition, many natural resource-based enterprises are low collateral and considered to be too “high risk” for financing—either for start-up or expansion—by large corporate financial institutions.

State economic development agencies offer few alternatives to remedy these financing constraints. They traditionally undervalue the significance of natural resource-based industries and do not direct economic development incentives their way. Instead, they offer incentives to industries that are not necessarily resource-based or consistent with rural economies and characteristics.

**Recommendation 24, to direct assistance to natural resource-based businesses.** State economic development agencies should work with state natural resource agencies to direct financial, technical, and marketing assistance to natural resource-based business concerns. Such assistance should recognize the importance of forest products manufacturing, recreation, tourism, and other economic activities, and enhance states' competitive advantages in the natural resource sector. These agencies should cooperate with natural resource management agencies and employ rural development specialists to accomplish the following functions related to natural resource based businesses:

- (a) assistance in complying with state regulatory processes
- (b) identification of barriers to general rural business expansion and of ways to overcome them
- (c) marketing assistance
- (d) promotion of incentive programs for development and expansion
- (e) provision of information to financial institutions on the value of such businesses
- (f) fostering public policy to promote value-added opportunities in the region

Municipalities and regions with community and in-state regional master plans should receive priority for such assistance. States should provide financial and technical assistance for such planning.

### **Community Development Financial Institutions**

Congress is now considering legislation to authorize Community Development Financial Institutions (CDFIs) and establish a Community Development Financial Institutions Fund to promote economic growth, community development, and affordable housing in distressed communities through financial and technical assistance. CDFIs could provide loans to smaller, innovative micro-enterprises that do not usually have access to this type of capital.

**Recommendation 25, to authorize and fund Community Development Financial Institutions, or a similar program.**

Congress should authorize and fund Community Development Financial Institutions, or a similar program, to steer capital to the Northern Forest region for forest-related businesses including

### III. STRENGTHENING ECONOMIES OF RURAL COMMUNITIES **51**

#### Community Development

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wood products manufacturers, and recreation and tourism enterprises. Community Development Financial Institutions would allow financing decisions that affect natural resource-related businesses to be made by individuals closely connected to the communities and industries involved.

**For related recommendations, see recommendations 22 (Rural Community Assistance) and 23 (Market Development and Expansion).**

**Responsible agency** Public and private financing authorities, and state economic development and forestry agencies, are responsible for providing financing and other incentives to natural resource-based businesses as outlined in Recommendations 24 and 25. They should act immediately to better support them. For Recommendation 25, Congress should act this year to authorize Community Development Financial Institutions and establish a related fund to support them, or a similar program. Eligible public and private financial authorities, new and existing, would then be responsible to provide capital for community development projects.

**Related findings in the Appendix** Local forest-based economy 4, 8, 9, 11, 13, 17, 18.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.



## Recreation and Tourism on Private Lands

Outdoor recreation and tourism contribute much to the region's economy and quality of life for residents and visitors alike. Yet landowners incur increasing costs, inconvenience, and loss of privacy by allowing the public to use their lands for recreation. Outdoor recreation and tourism are long-standing industries in the region. For over a century the forests, including private land, have provided opportunities for people to camp, canoe, fish, trap, hike, hunt, rest, and sightsee. More recently, they have offered skiing, snowmobiling, mountain biking, and other activities.

In the region, public lands account for just over 15% of the land ownership, private lands are nearly 85%. This ratio differs substantially among the four states, affecting where and how people recreate. Regardless of the state, however, private landowners have become more concerned about keeping their lands open for unrestricted public recreation because of liability for death or injury of recreationists, costs of lawsuits, littering, property damage (particularly to roads), irresponsible user behavior, and increasing costs of land ownership. Rather than incur costs to protect themselves from these liabilities, landowners often restrict use. Further restrictions often come when new landowners do not wish to continue the tradition of shared use.

Public lands (and imposed private lands) receive the brunt of increasing restrictions on other lands, often with crowding, damage to land and resources, and diminished outdoor experiences for participants.

Ironically and unfortunately, as public lands are subjected to increasing use, money to manage them is dwindling. As a result, public agencies are unable to create opportunities for high quality recreation on existing public lands.

The public and private sectors do not regularly collaborate to measure actual levels of use and trends in use. This impedes planning for ways to deal with changes in use, allocation of resources, and mitigation of problems.

The recommendations below offer cost-effective ways to maintain or improve public access for recreation on private lands. These measures can help maintain traditional recreation opportunities at very little cost to taxpayers, especially when compared to the cost of acquiring land for such use.

"Communication and cooperation between landowners and land users is essential to meet recreation and tourism goals. There is a need for better sharing of information and discussion of issues concerning the compatibility between recreation and tourism, and the wood products industry. There is a specific need for land users to better understand the costs of owning and managing land to facilitate safe, public use of private lands."

Recreation and Tourism  
Subcommittee Finding  
#19, page A-50.

**Recommendation 26, to promote public policy to provide forest-based recreation.** Congress and state legislatures should enact legislation and promote public policy to provide forest-based recreation opportunities to the public. Such initiatives would encourage landowners to keep their land open and available for responsible public recreation. Initiatives should, at a minimum, include the following:

- (a) strengthened liability statutes to protect landowners who allow responsible public recreational use of their lands.
- (b) updated liability statutes to establish hold-harmless mechanisms for landowners who open their land to public use, whereby each state underwrites a landowner's defense against personal injury suits and assumes costs for property damage and littering.
- (c) additional reductions in property taxes for landowners who allow responsible public recreational use of their lands.
- (d) state purchases of land in fee, and of temporary and permanent recreation easements and leases, including rights of access.
- (e) state and private cooperative recreation agreements.
- (f) creation of a recreation coordinator/landowner liaison and remote ranger positions in state government to assist in the management of public use of private lands providing recreation opportunities and other similar services.
- (g) strengthened enforcement of trespass, littering, and dumping laws.
- (h) improved recreation user education programs.
- (i) improved capacity in state park and recreation agencies to measure recreational use, including types, amounts, locations, and concentrations of use, and to identify and address trends in use before they create problems.

**For related recommendations, see recommendations 5 (Current Use Tax Programs), 14 (Management of Private and Public Recreational Lands), 17 (State Funding for Acquisition), and 18 (Conservation Tools Other than Acquisition).**

**Responsible agency.** State legislatures and conservation agencies should act immediately to implement these recommendations.

**Related findings in the Appendix** Recreation and tourism 11, 13, 14, 17, 18, 19.

"All four states have limited liability recreation use statutes, with which landowners are generally unfamiliar. Despite immunity against judgment within the statutes, it is necessary for landowners to defend themselves in case of suit."

Recreation and Tourism  
Subcommittee Finding #18,  
page A-49.

### **III. STRENGTHENING ECONOMIES OF RURAL COMMUNITIES**

#### **Recreation and Tourism on Private Lands**

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**References.** Brown, Tommy, Forest Conservation, Forest Recreation and Tourism, and the Forest Products Industry: Interrelationships and Compatibility, October 7, 1993.

Brown, Tommy, Outdoor Recreation and Tourism Studies Applied to the Northern Forest Lands: Literature Review and Analysis, October 7, 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.





## Government Regulation and Public Policy

Government regulations have become increasingly complex and can unnecessarily hamper forest-based business, land investment, and economic development initiatives. Yet, they are necessary to protect the environment and public welfare. Several aspects of regulations are of concern across the region.

### Workers' Compensation Insurance

High workers' compensation insurance costs hurt the economic viability of forest-based businesses. Workers' compensation insurance premiums for loggers, wood products manufacturers, and recreational outfitting enterprises are high compared to other industries, due in part to their higher occupational danger. In the four Northern Forest states, it is typical for such businesses to pay 40% or more of payroll costs in workers' compensation insurance. In addition, the insurance premiums have risen at an alarming annual rate, reflecting escalating costs for litigation, worker rehabilitation, health care, and more.

“Factors affecting employment levels in traditional forest products businesses include escalating cost of Insurance, particularly workers' compensation and health.”

Local Forest-Based Economy Subcommittee Finding #2(b), page A-34.

The effect on local economies is severe. The high costs favor businesses outside the region not so burdened. Wages and benefits are depressed, and many businesses are forced to operate at minimal profit margins. Mechanization replaces jobs. Sub-contracted labor, not covered by workers' compensation insurance, displaces permanent employment. People in the communities send their money to distant insurance companies instead of using it locally.

Reducing workers' compensation claims and costs will improve the viability of forest-based businesses and help maintain job opportunities for local people.

### Safety Training and Technical Development

Recommendation 27, to improve workplace safety. State forestry agencies, with funding from the USDA Forest Service and other appropriate sources such as the US Department of Labor, should cooperate with appropriate forest products associations and recreation business groups to establish or expand training programs to improve workplace safety and reduce workers'

compensation claims. These agencies also should encourage development of equipment and methods of harvesting that are safer, profitable, and environmentally compatible. A model program for loggers is Maine's Certified Logging Professional program, administered by the Maine Timber Research and Environmental Education (TREE) Foundation.

## State Insurance Programs

**Recommendation 28, to reform workers' compensation insurance programs.** State legislatures should reform their workers' compensation insurance programs to reduce costs. Examples of needed reforms include the following: discounting employers' annual workers' compensation insurance premiums if they provide employee safety training; revising liability statutes to limit third party suits; controlling health care costs; better guarding against fraudulent claims; and enacting mechanisms that more quickly resolve disputed claims.

For related recommendations, see recommendation 24 (Financial and Technical Assistance) and 33 (State University Cooperation).

**Responsible agency.** State legislatures should act immediately to reform their workers' compensation programs. State forestry agencies, the USDA Forest Service, forest products associations, and recreation business groups should also act immediately to implement training programs.

**Related finding in the Appendix** Local forest-based economy 2(b).

**References** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

"While many in the regulated community do not find regulations negative per se, they believe that the administrative process for existing regulations may at times hamper economic development."

Local Forest-Based Economy Subcommittee  
Finding #16, page A-36.

## Regulatory Process

**Most often it is the process and implementation of regulations—not their content or purpose—that cause problems. Most vexing are instability of laws; inconsistency, inflexibility, and duplication in administration of regulations; and processing times for permitting.**

**Through each state's legislative process, existing laws change periodically, sometimes annually. New state and federal laws are created, often duplicating or conflicting with those already on the books. Further,**

overlap between federal, state and local agency responsibilities, and among state agencies, sometimes results in regulations applied sequentially rather than concurrently, causing significant delays and costs for applicants. The Council believes that the regulatory process should be improved and simplified.

### **Administrative Rules**

**Recommendation 29, to review the effectiveness of administrative rules.** Beginning June 1995, state agencies should review the effectiveness of administrative rules regarding business, land use, and the environment, using a process that repeats every five years and involves all interested parties. Such reviews would enable agencies to evaluate the effectiveness, consistency, practicality, efficiency, and cost of existing regulations.

“The lack of regulatory stability discourages some businesses from expanding or changing their processes because they are unsure what ‘the rules of the game’ will be in the future.”

Local Forest-Based Economy Subcommittee Finding #16(e), page A-36.

### **Innovative Regulatory Approaches**

**Recommendation 30, to simplify and stabilize the regulatory process.** Beginning June 1995, state agencies should develop and implement innovative approaches to simplify and stabilize the regulatory process. Such approaches would improve the business climate in general and provide new opportunities for smaller businesses to get started in the region. These should include:

- (a) creation of a single permit to cover all requirements for a single project.
- (b) voluntary no-fault environmental audits, in which agencies review environmental compliance in a constructive and non-punitive manner. Responsible parties are not penalized for inadvertent violations discovered by the audit if the violations are corrected within a specified period of time.
- (c) negotiated regulations, in which government agencies cooperate with industry, environmental organizations, and other interests to develop and implement regulations in a manner that achieves the desired outcome without being unnecessarily burdensome.

For related recommendations, see recommendation 5 (Current Use Tax Programs), 11 (Forest Practice Regulations and Programs), and 28 (State Insurance Programs).

**Responsible agency.** State legislatures and agencies have responsibility to ensure that their regulatory processes are effective, stable, and user-friendly. They should review their regulations on a regular basis.

**Related findings in the Appendix** Land conversion 17, 26; and local forest-based economy 16.

**References.** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

## Land Use Planning

Land use planning programs and regulations have had major impacts on land conservation in the region. Planning that provides incentives for development in appropriate locations, and helps to guide development to those locations, can be powerful in protecting public values while allowing landowners continued economically viable uses of their land.

Development pressures of the 1980s revealed that certain land planning and regulatory programs helped to discourage the break-up of large forest tracts, while others failed, or actually encouraged such fragmentation. Some agencies within the region have a positive working relationship with their constituencies and successfully involve the public. The Council supports state, in-state regional, and local land use planning efforts that fully involve the public as a means to further goals of protecting the traditional uses of the Northern Forest.

**Recommendation 31, to review land use planning programs.**

Agencies and organizations involved with land use planning should review their existing programs and plans. They should assess them for adequacy in guiding development to appropriate areas, and in supporting traditional uses of the forest.

Landowners, businesses, residents, and other interests should be included in the review. Agencies and organizations involved in land use planning across the region should regularly share successes and failures of their various programs. Such cooperation would facilitate the flow of information to planners, both within and among states, and it would stimulate more effective planning at all levels. Because rural areas often lack the resources to conduct such planning activities, states should provide money and technical assistance to further these efforts. Municipalities or regional agencies with comprehensive or master

“Local planning tools such as local land use regulation and creative development options (including open space zoning) have been appropriate and cost effective tools for achieving conservation goals in the Northern Forest region.”

Conservation Strategies Subcommittee Finding #21, page A-31.

“By the end of the 1980s, tightening of the enforcement of subdivision regulations and adoption of new subdivision regulations slowed conversion activities in New York and Maine.”

Land Conversion Subcommittee Finding #21, page A-21.

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#### Government Regulation and Public Policy

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plans in place should receive priority for funding for economic development.

For related recommendations, see recommendation 10 (Education about Sound Forest Management) and 11 (Forest Practice Regulations and Programs).

**Responsible agency.** State and local planning agencies, as well as private land use planning associations, should cooperate with the public to review existing programs and plans for effectiveness, and to share the efficacy of their land use programs in affecting land conversion.

**Related finding in the Appendix.** Conservation strategies 21; land conversion 21; and local forest-based economy 16.

**References.** James W. Sewall Company and Market Decisions, Northern Forest Lands Council: Land Conversion Study, April 9, 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

#### Interstate Transportation

**Inconsistent road classifications and truck weight regulations unnecessarily impede efficient flow of goods across state borders. Each Northern Forest state legislature classifies state-maintained roads, setting the type and maximum weight of vehicles that may travel the roads. The classifications and their respective regulations are not consistent from one state to the next. In fact, the same road passing across state lines may have substantially different truck weight and size regulations. These inconsistencies affect many businesses that transport goods and raw materials across state lines. It is particularly severe for wood products firms because they rely heavily on interstate flow of logs, chips, lumber, and finished products.**

**In contrast, other strong wood-producing regions of the country often are within a single state (such as Washington), with a single set of classifications and regulations. This puts the Northern Forest at a transportation disadvantage to other regions and discourages further development and expansion of forest-related businesses here.**

**Recommendation 32, to establish consistent truck weight regulations.** State transportation agencies should coordinate with one another to establish consistent truck weight regulations across the region. Regulatory consistency will do much to improve the flow of goods across state lines and enhance the region's ability to compete in national and world markets. To

"Variable transportation regulations across states can impede the flow of goods, and increase their prices."

Local Forest-Based Economy Subcommittee Finding #16(a), page A-36.

**achieve this, a compatible system of road classifications needs to be developed, and roads which cross state boundaries should have consistent classifications from one state to another.**

**For related recommendations, see recommendations 29 (Administrative Rules).**

**Responsible agency.** State legislatures are responsible for establishing road classification systems. State transportation departments should assist with this effort.

**Related findings in the Appendix** Local forest-based economy 16(a).

**References** Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

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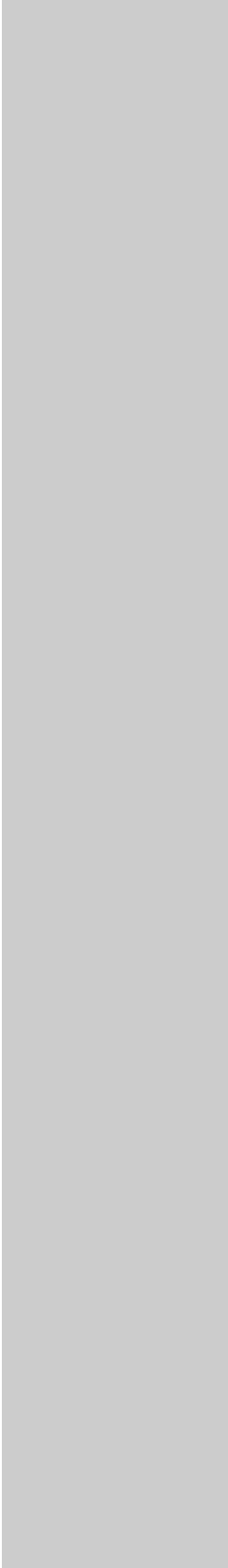
**With increasingly complex technologies and sharpening focus on uses and conservation of natural resources, education and information transfer is needed by professionals and lay persons alike. Economic success and effective public policies depend on continued evolution of understanding.**

**As a culture, we are losing our intimate ties to the land, as most of our population inhabits urban and suburban environments. If people are to remain close to the land, they must have better education about natural resource issues.**

**Many of the Council's recommendations call for actions by an informed citizenry. The Council believes that individuals, their communities, and their work places—empowered by knowledge—can affect changes to improve their lives. Education and technical assistance are vital tools that allow them to keep pace with a rapidly changing world.**

**Therefore, this group of recommendations are intended to provide appropriate educational opportunities to all ages, so that natural resource conservation becomes a major component of school curricula; create the means for open and efficient technical assistance to landowners and others requiring it; and collect information necessary to assess the condition of the Northern Forest and trends affecting its future.**





## **Research and Technology Transfer**

### **State University Cooperation**

Forest products businesses, forest land managers, and forestry policy makers need increased transfer of information to make better decisions. In some instances, little research exists. In others, research exists but is not readily available to decision-makers. State universities are important resources for research and information dissemination; they can refine their research based on individual state needs. Simultaneously, a coordinated approach among universities could eliminate duplication of effort and enhance information-sharing among states.

Many forest products businesses, especially smaller ones, are unable to adopt new technologies that would enable them to participate more fully in rapidly changing and expanding wood products markets. Several factors influence the markets. National timber supply shortages prompt rapid technological changes in both wood product engineering and manufacturing. Improved communications—and greater mobility of people and products—throughout the world make it possible for primary and secondary wood products industries to compete in a global economy, rather than just in a local, state, or regional one. Consumer preferences are shifting to recycled products and may soon favor those produced using sound forestry practices. If they cannot keep up with these changing markets, many forest products companies in the region will miss opportunities to manufacture new products and apply state-of-the-art research and technologies to product development and manufacturing.

For broader forest policy, ecosystem management is an emerging approach to forest use. The Society of American Foresters' Task Force Report on Sustaining Long-term Forest Health and Productivity defines ecosystem management as the strategy by which, in aggregate, the full array of forest values and functions is maintained across the landscape. Federal agencies are beginning to incorporate this approach into their management activities. To date, most ecosystem management research has been on federal lands; this research needs to be expanded to other ownership types. In addition, information gaps must be identified and addressed. As information becomes available, it is critical to disseminate it to state and private landowners so they can incorporate it into their management activities.

**Recommendation 33, to support cooperative efforts among four state universities.** The state universities and USDA Forest Service—State and Private Forestry should support formal cooperative efforts among the forestry schools of the state universities in the four Northern Forest states. These cooperative efforts should include:

- (a) working with state forest roundtables (described on page 93).
- (b) working with the Northeastern Forest Experiment Station to increase research and transfer technology to the wood products industry on efficient and most up-to-date wood processing, and ways to reduce waste, pollution, and energy consumption in the industry. Information should be practical and usable for small firms.
- (c) serving as a clearinghouse on ecosystem management and on public and private programs affecting ecosystems. Specifically, this formal cooperation should.
  - (1) collect existing research and information;
  - (2) broaden this information base through additional research.
  - (3) disseminate existing and new information to landowners, public and private resource managers, state forest roundtables, and the general public.

For related recommendations, see recommendations 10 (Education about Sound Forest Management), 11 (Forest Practice Regulations and Programs), 12 (Cooperation to Achieve Sustainability), 15 (Identification of Lands of Exceptional Value), 21 (Biological Diversity), 23 (Market Development and Expansion), and 37 (Natural Resource Education for the Public).

Responsible agency. State universities, USDA Forest Service - State and Private Forestry and Research units should cooperate with landowners, the forest industry, environmental organizations, state forest roundtables, and other university departments, state and federal agencies, and interested parties to implement this recommendation.

**Related Findings in the Appendix** Biological diversity 6; and local forest-based economy 3, 12, 13, 15, 22.

**References.** C.T. Donovan and Associates, Inc., Global Economic Trends that Affect the Forest-Based Economy in the Northern Forest Lands, October 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Biological Resource Diversity Forum, December 9, 1992.

Northern Forest Lands Council, Summary of Proceedings: Forum on Forest-Based Economic Development in the Northern Forest, April 4, 1992.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1994.

Society of American Foresters, Task Force Report on Sustaining Long-term Forest Health and Productivity, 1993.

### Land Conversion Trends

Well-documented data on land conversion trends in the Northern Forest are scant. In addition, timely and easily accessible information about the forest is lacking. The Northern Forest Lands Study and Governors' Task Force on Northern Forest Lands, and later the Northern Forest Lands Council, were created in reaction to the sale and feared conversion of nearly one million acres of forest land once owned by Diamond International Corporation. Many perceived the sale as an historical shift in land ownership and use, yet no data existed that could prove or disprove this perception or identify why such a shift might have occurred.

One of the Council's first tasks was to document how much forest land was sold, converted to other uses, or developed during the 1980s. We collected information for tracts greater than 500 acres; however, we could gather only existing source information (inadequate as it was) on smaller parcels. While the study of large ownerships is unique and valuable, it does not show whether development in the 1980s was substantially different than in other eras, since no similar data exist for those periods.

We learned from these studies that not a large conversion of land to non-forest uses occurred from 1980 to 1991. But at the same time, lands with exceptional public values (shorelines and scenic areas) were disproportionately converted and fragmented, compared to forest land without these attributes. Without good data, it is difficult to assess how this conversion affects the character and traditional uses of the Northern Forest.

The states must continue to document trends in land conversion, land use, and forest use and growth. An accurate and up-to-date database will allow states to act deliberately on emerging land conversion and forest use issues, avoid crises, and use limited government resources more efficiently.

Recommendation 34, to track and analyze land conversion trends. Appropriate state agencies should develop information management systems to track and analyze real estate conversion trends. Timely collection and analysis of such information, consistent between states, would enable states to make more informed decisions for land conservation efforts. This would include the magnitude, number, and location of subdivisions, consolidations, and land sales.

*"In order for states to keep track of forest land use trends, new information collection systems are required for tracts of all sizes - but particularly for tracts of less than 500 acres - in order to better understand the impact of forest land conversion on traditional land uses. This will also allow for a better understanding of environmental and land use regulations and their effects on land sales and conversions."*

Land Conversion Subcommittee  
Finding #28, page A-22.

### **USDA Forest Service Decennial Surveys**

**Congress charges the USDA Forest Service with collecting and publishing data on forest resources in each state every ten years. The data include acres of forest land, timber volumes and quality, landowner demographics and attitudes, and other related information.**

**Historically, these surveys have not been conducted and published in a timely manner. The resulting data are essential for public policy decision-making, and must be timely. Additional information over that gathered in past surveys, including data on biological resources, should be included in future surveys. The Forest Service should be sensitive to, and respect the rights of, private property owners in these surveys.**

**Recommendation 35, to conduct and publish decennial surveys in a timely fashion. Congress should provide the funds necessary for the USDA Forest Service to conduct and publish decennial surveys in a timely fashion.**

### **Northern Forest Resource Inventory**

**During the Northern Forest Lands Study of 1990, it became clear that forest-related information in the states was not available in a consistent and readily usable form. The Congress and governors recognized this and, as part of the Council's work, included funding for a state-based Geographic Information System project to compile existing natural and economic resource information in a consistent format. (See Appendix F for details on the status of this project.) This inventory now needs to be available to local and regional organizations within the states, to assist them in their decision-making.**

**Recommendation 36, to use the Northern Forest Resource Inventory. In their land conservation and planning efforts, states should use the natural and economic resource data provided through the Northern Forest Resource Inventory.**

**For related recommendations, see recommendations 11 (Forest Practice Regulations and Programs), 12 (Cooperation to Achieve Sustainability), and 33 (State University Cooperation).**

**Responsible agency. Appropriate state agencies which collect land sales and conversion information should act on Recommendation 34 immediately, to update the existing land conversion study data quickly. State natural resource or planning agencies should monitor and act on the land conversion data collected. For Recommendation 35, Congress should**

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##### **Research and Technology Transfer**

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review immediately the funding level for the USDA Forest Service decennial survey and assure adequate funding in the next budget cycle. The Forest Service should immediately make a priority the timely completion of the surveys. For Recommendation 36, state conservation agencies should immediately take advantage of the data.

**Related findings in the Appendix**Land conversion 9, 28; biological resources 8, 10, 13, 15; local forest-based economy 7, 8, 9, 12, 22; and property taxes 9, 26, 30.

**References.** Brock, Rainer, Recommendations to the Northern Forest Lands Council with Comments on a Briefing Paper, June 23, 1993.

Canham, Hugh O., Property Taxes and the Economics of Timberland Management in the Northern Forest Lands Region, February 1992.

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Northern Forest Lands Council and USDA Forest Service, Operating Procedures, Standards and Guidelines: Northern Forest Resource Inventory, October, 1992.

Resource Systems Group, Inc., Ad Hoc Associates, Douglas Morris, Forest Property Taxation Programs; Report to the Northern Forest Lands Council, November 1993.

State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.



## Natural Resource Education for the Public

An increasing proportion of the people in the Northern Forest states lives in urban and suburban areas disconnected from the land. Many no longer understand the relationship of people to natural resources and natural processes. Even in rural areas, electronic communication and entertainment and standardized statewide school curricula draw people—particularly young people—away from the natural world and the natural resource uses that surround them. Although the media present some environmental issues, schools rarely provide a foundation for learning about how natural systems work and how people relate to and depend upon natural resources. Indeed, some people have come to equate human use with destruction of nature.

Although several useful school curricula teach students about forests and wildlife, and several efforts provide information to adults about the environment and natural resources, the Council is convinced that all young people (thus, in time, all people) within and outside the Northern Forest should have a basic understanding of natural systems and sustainable human use of natural resources. Only with such common familiarity with natural resource principles can the discussion over the future of the Northern Forest be constructive in the long run.

Recommendation 37, to promote natural resource education for the public. States should promote natural resource education for the general public, from youth to adult. These education programs should focus on the region's forest resources, natural processes, and resource management.

- (a) State education departments should require that all students complete one year of natural resource education to graduate. Options to meet this requirement should include:
  - (1) one year of junior high school science focusing on natural resources and land-based economies such as agriculture and forestry.
  - (2) the equivalent of one year of natural resource and land-based education between the grades of 7 and 12.
  - (3) integration of natural resource and land-based education into present science programs of grades kindergarten through 12.



- (b) Teachers should have curriculum material and training opportunities through such programs as Project Learning Tree and Project Wild.
- (c) State conservation agencies, state education departments, and private organizations should provide continuing education opportunities for adults to enhance their understanding of natural resources through new and existing public and private programs. Innovative mechanisms such as interactive television, personal computer networks and on-line services should be used to expand delivery of these educational opportunities.

For related recommendations, see recommendations 4 (Green Certification), 10 (Education about Sound Forest Management), 12 (Cooperation to Achieve Sustainability), 33 (State University Cooperation), and 35 (USDA Forest Service Decennial Surveys).

**Responsible agency.** State education departments, universities, and colleges should work in partnership to provide these educational opportunities.

**Related findings in the Appendix.** Local forest-based economy 3, 12, 13, 15, 22.

**References.** C.T. Donovan and Associates, Inc., Global Economic Trends that Affect the Forest-Based Economy in the Northern Forest Lands, October 1993.

Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.

Northern Forest Lands Council, Summary of Proceedings: Forum on Forest-Based Economic Development in the Northern Forest, April 4, 1992.

Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies With Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.

## **Post Council Action**

The Northern Forest Lands Council has accomplished its primary objectives. Now it is up to others to carry on the work to implement these recommendations. During the public comment period on the draft recommendations, the public expressed strong support for continued dialogue and consensus-seeking on natural resource issues within each of the four states. Citizens, businesses, and institutions of the Northern Forest must join forces to implement the Council's recommendations. The Council's consensus-building process can serve as a model for this collaboration.

The Council considers the following steps vital if the people concerned about the Northern Forest wish to continue the dialogue and implement the recommendations.

1. Creation of a state forest roundtable (described below) in each state to continue the Council's dialogue on important forest issues.
2. Continued dialogue among local, state, and federal governments on natural resource issues that affect the Northern Forest.
3. Leadership and support by the state natural resource agencies to implement these recommendations, and to continue to build public understanding of Northern Forest issues and the Council's recommendations.
4. Increased capacity at state universities to work cooperatively to support implementation of Council recommendations through education, technical assistance, research, and public outreach consistent with their missions (see Recommendation 33).
5. Congressional and state action to enact legislation to implement Council recommendations beginning in calendar year 1995.
6. Giving priority to direct existing funds within state and federal agencies toward programs and activities that support the Council's recommendations.

### **State Forest Roundtables**

Each Northern Forest state should convene a state forest roundtable, representing a wide range of forest stakeholders, as an ongoing forum to address Northern Forest issues. These roundtables would function for individual states much as the Council has functioned for the region. In

Vermont, for example, the presently authorized Forest Resource Advisory Council should serve as a starting point for the roundtable.

Roundtable participants should represent local communities, primary and secondary forest products industries, large and small non-industrial landowners, environmental advocates, universities, recreation and tourism interests, private property rights interests, wildlife and plant specialists, and state conservation, water resource, and economic development agencies. Every effort should be made for the roundtables to be accessible to the public, as the Council has been. Their work should consistently and explicitly involve and inform local citizens, particularly in matters of meeting logistics, locations and times. Governors should consult with their Northern Forest Lands Council representatives and identify and appoint roundtable members by the end of March 1995. Roundtables should begin work immediately. The Council has drafted a recommended charter and urges each Governor to adopt it by Executive Order.

The Council suggests these roundtables operate under two guiding principles. The first is collaboration and cooperation. The Council hopes its emphasis on inviting input from the full range of stakeholders will serve as a model for individual states as they address forest sustainability and other issues. The second guiding principle is attention to both economic and biological values. Public actions and private initiatives should foster the continued production of a full range of forest values. In this regard, private landowners have a fundamental right to manage and utilize their lands for the production of forest resources consistent with the Principles of Sustainability. In addition, governmental and private initiatives should encourage cooperation between landowners to conserve a range of forest values that extend beyond ownership boundaries.

State natural resource agencies should provide funds from existing budgets to cover costs associated with the roundtables. The forest roundtables should be charged with the following tasks:

1. Advocate implementation of the Council's recommendations and provide guidance on implementation where necessary.
2. Continue the dialogue begun by the Council. The Council was unable to address every issue related to the Northern Forest and several, including potential solutions (identified in Appendix G) merit further discussion and possible action.
3. Address the Principles of Sustainability and appoint a technical subcommittee to define credible and practical benchmarks of sustainability as outlined in Recommendation 12.

### **Continued Dialogue among the Four States**

The four state roundtables may choose at times to meet collectively, to share ideas and coordinate activities. They should also take the lead in working with their state's Congressional delegation to develop a unified approach to implementation of recommendations at the federal level.

The four participating states have several existing forums that they can use to continue to communicate on important natural resource issues and advocate implementation of the Council's recommendations at the federal level. Examples of such forums include the Council of Northeastern Governors and the New England Governors' Conference.

### **Leadership by State Natural Resource Agencies and USDA Forest Service**

Continued support for state-based resource planning capabilities by the states and USDA Forest Service—State and Private Forestry is essential to ensure coordination and timely implementation of the Council's recommendations at the state level.

For state natural resource agencies to accomplish all their post Council responsibilities, they must continue to employ their state resource planners. State natural resource agencies, through the resource planners, will perform the following tasks:

1. Initiate contact with individuals and organizations responsible for implementing Council recommendations and assist in identifying appropriate mechanisms for implementation.
2. Monitor implementation progress and develop and guide effective public participation during implementation.
3. Serve as a communication link between the four states on progress, successes, and failures during implementation.
4. Maintain regular contacts with Congressional staff and the USDA Forest Service—State and Private Forestry, regarding implementation and state needs for assistance.
5. Provide staff support to forest roundtables.
6. Continue research and analysis of forest policy issues with each state.
7. Produce and disseminate materials for purposes of implementing the Council's recommendations.

The Northeastern Area State and Private Forestry, USDA Forest Service should continue their focus on resource planning capabilities in the

**Northern Forest.** This would best be accomplished through a targeted staff position—a Northern Forest Liaison—with the following responsibilities:

1. Shepherd implementation of federal recommendations, including issues of funding.
2. Facilitate cooperation and coordination among the four states and their universities as identified in Recommendation 33.
3. Facilitate communication and dialogue among the four states in close cooperation with the state resource planning coordinators.

### **Legislative Action**

Congress and the state legislatures should introduce and enact legislation to implement the Council's recommendations during the legislative session beginning in calendar year 1995. State resource planning coordinators can provide research assistance and information to support the drafting of state legislation.

### **Implementation Funding**

Implementing the Council's recommendations will require commitments of time and money from state and federal agencies. In many cases, implementation need not require new appropriations or staff. Agencies should already be doing much of what the Council recommends as they fulfill their respective missions. Agencies should direct existing grant programs toward implementation of the Council's recommendations, rather than the creation of new programs or continue those that work at cross-purposes to land conservation objectives generally. Implementation of some recommendations will require additional appropriations; however, public sector managers should first make best use of existing resources.

Throughout six years of an exhaustive public process, the public has made clear its support for land conservation. Thus, Congress, state legislatures, and state and federal agencies working in the Northern Forest should give high priority to funding these recommendations. Public support is strong; the time to act is now. Federal agencies that provide grants to state agencies and communities should give priority to proposals that support the Council's recommendations. In their turn, state agencies and other grant applicants should give priority to proposals that implement the Council's recommendations.

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**Well aware of the concern in our country about expansion of government, the Northern Forest Lands Council honored its commitment to go out of existence upon completion of its charter. Now it is up those who care about the future of this remarkable region to carry on from here.**

**After years of study and discussion, we are absolutely convinced that if the actions described in this report are not taken, the region's people will have lost an opportunity that will not come again. And so we place our work and the responsibility for carrying it forward into the hands of decision-makers at all levels of government, as well as those citizens who are reading this report and who care so much for the future for the Northern Forest of Maine, New Hampshire, New York and Vermont.**

## Appendix A

### Citizen Advisory Committee Members

We would like to extend a special thank you to our state Citizen Advisory Committee members. Your guidance has been a great benefit to our work.

Will Abbott, New Hampshire  
Douglas Allen, New York  
Rolf Anderson, Vermont  
Howard Aubin, New York  
Chris Ballantyne, New York  
Gerry Barnes, Maine  
Maurice Barnes, Vermont  
Timothy Barnett, New York  
James Bates, Vermont  
Charles Baylis, New Hampshire  
Chip Bessey, Maine  
Bud Blumenstock, Maine  
Sarah Bogdonovitch, New York  
Virginia Brandreth-Canale, NY  
Deb Brighton, Vermont  
Charles Browne, Vermont  
William Bruner, New York  
William Butler, Maine  
Rick Cables, New Hampshire  
George Canon, New York  
Michael Cline, Maine  
Kevin Coffey, Vermont  
Stephen Coleman, Maine  
Andrea Colnes, Vermont  
John Courtney, New York  
William Crary, New York  
Mike Cyr, Maine  
Terry de Franco, New York  
David Dernbach, New Hampshire  
Michael DiNunzio, New York  
Paul Doherty, New Hampshire  
Roger Dziengeski, New York  
James Engle, Vermont  
Betty Falton, New Hampshire  
Leon Favreau, New Hampshire

Carlton Ferguson, Vermont  
Dave Field, Maine  
Carol Foss, New Hampshire  
Fredric Foss, New Hampshire  
Jack Freeman, New York  
Steve Gendreau, Vermont  
David Gibson, New York  
Rick Givens, Maine  
Michael Godzyk, New Hampshire  
Dale Goodman, Maine  
Dayton Goudie, New Hampshire  
Walter Graff, New Hampshire  
David Guernsey, Maine  
Chris Hamilton, Vermont  
Thomas Hartranft, New York  
Ken Hastings, New Hampshire  
Richard Hill, Maine  
Warren Hill, Vermont  
Bruce Holt, New Hampshire  
Fred Huntress, Maine  
Roger Joslin, Vermont  
Cheryl Johnson, New Hampshire  
Barbara Ann Kane, Maine  
Barry Kelley, New Hampshire  
Robert Kimber, Maine  
Kevin King, New York  
Johanna Laggis, Vermont  
Mitch Lansky, Maine  
Jim LeValley, New York  
Pieter Litchfield, New York  
Ron Locke, Maine  
William Manning, Vermont  
Dan McGough, New York  
Isabel McKay, Maine  
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Bruce McKnight, Maine  
David Miller, New York  
Sharon Miller, New Hampshire  
Fred Monroe, New York  
Charles Niebling, New Hampshire  
Sandra Neily, Maine  
Kathy Olmstead, Maine  
Frank Owen, New Hampshire  
John Parker, New York  
Janice Peaslee, Vermont  
Harold Petrie, New York  
Richard Pinette, New Hampshire  
Thomas Risse, New York  
Robert Sauer, New York  
Jamie Sayen, New Hampshire  
William Sayre, Vermont  
Mary Shriver, New Hampshire  
Mary Sloat, New Hampshire  
Ernst Spencer, New York  
Will Staats, Vermont  
Sam Stoddard, New Hampshire  
James St. Pierre, Maine  
John Stowell, Maine  
Henry Swan, New Hampshire  
Jeff Taylor, New Hampshire  
Dave Thompson, New Hampshire  
Lynn Truesdell, New York  
Sid Ward, New York  
Steve Weber, New Hampshire  
Stanley Wentzell, New Hampshire  
Dale Wheaton, Maine  
Ed Wheelock, Vermont  
Brendan A. Whittaker, Vermont  
A. Bradford Wyman, New Hampshire

## **Appendix B**

### **Subcommittee Work Group Members**

**We would like to thank the following individuals who graciously shared their time and expertise with us throughout our work. All served as work group members for at least one council subcommittee.**

John Albright, Natural Heritage Program, ME	David Carlisle, Prentiss and Carlisle, ME	Herbert Echelberger, Northeast Forest Experiment Station, VT
Doug Allen, SUNY-School of Environmental Science and Forestry, NY	Connie Carpenter, USDA Forest Service, NH	Ray Emery, Emery Forest Products, ME
Bill Altenburg, Mountain Recreation, ME	Gary Carrier, Cersosimo Lumber Company, VT	Nicholas Engalichiev, UNH Cooperative Extension Service, NH
Chris Ballantyne, Sierra Club, NY	Tom Cieslinski, ME Bureau of Parks & Recreation, ME	Jay Espy, Maine Coast Heritage Trust, ME
John Banta, Adirondack Park Agency, NY	Rep. Paul Cillo, VT Legislator, VT	David Field, University of Maine, ME
Tim Barnett, Adirondack Conservancy, NY	Tom Cobb, NY Parks, Recreation & Historical Preservation, NY	Cheryl Fischer, formerly, Vermont Land Trust, VT
Emily Bateson, Conservation Law Foundation, MA	Charles Cogbill, VT	Peter Forbes, Trust for Public Lands, MA
Robert Bathrick, NYS Dep't of Environmental Conservation, NY	Steve Coleman, LandVest, ME	John Frado, Nordic Group International, NH
Pierre Bedard, NH	Andrea Colnes, Appalachian Mountain Club, VT	Jerry Gates, Bell-Gates Lumber, VT
Judy Berg, Small Woodland Owners' Association of Maine, ME	Warren Cook, Sugarloaf USA, ME	Gregory Gerdell, VT Travel & Tourism, VT
Richard Bird, Adirondack Tourism Council, NY	Eliza Cope, Trust for Public Lands, MA	Larry Goss, Northern Economic Planners, NH
Steve Blackmer, Appalachian Mountain Club, MA	Dennis Cote, Berlin Development Department, NH	Wende Gray, Nordic Ski Council, ME
Dave Brann, Champion International Corporation, ME	Albro Cowperthwaite, North Maine Woods, ME	Perry Hagenstein, Resource Issues, Inc., MA
Terrence Brennan, Ethan Allen, VT	John Cureton, International Paper, ME	Brenton Halsey, Jr., Diamond Occidental Forest, ME
Deb Brighton, Ad-Hoc Assoc., VT	Mike Cyr, MarketTree, ME	Richard Hamilton, White Mountain Attractions, NH
Rainer Brocke, SUNY-School of Environmental Science and Forestry, NY	Rick DeMark, North Country Resource Conservation & Development Area, NH	Harry Haney, Virginia Technical Institute, VA
Susan Bulmer, VT Agency of Natural Resources, VT	Jane Difley, formerly, American Forest Foundation, DC	David Harrigan, Society for the Protection of NH Forests, NH
Peter Busque, Peter Busque, Inc., ME	Michael DiNunzio, Adirondack Council, NY	Tom Hartranft, Champion International, ME
Hugh Canham, SUNY-School of Environmental Science and Forestry, NY	David Dolan, VT Housing & Conservation Board, VT	Ray Heelan, Tradepoint International, ME
	Thomas Duffus, Adirondack Land Trust, NY	William Hoover, Purdue University,
	Roger Dziengesleski, Finch-Pruyn, NY	



## Appendix C

### Definitions

**Ad valorem taxation:** Property taxation levied on the fair market value of the land.

**Barelandvalue:** The market value of forest land without accounting for marketable timber or other forest products.

**Biological diversity or Biodiversity:** The diversity of life in all its forms, and at all levels of organization. “In all its forms” reminds us that biodiversity includes plants, invertebrate animals, and microorganisms, as well as vertebrates that garner most of the attention. “All levels of organization” indicates that biodiversity refers to the diversity of genes and ecosystems, as well as species diversity. (Source: Fundamentals of Conservation Biology, in preparation by Dr. Malcolm L. Hunter, Jr.) See also the sidebar definitions on page 61.

**Conservation:** The enhancement and maintenance of public and private values, including long-term stewardship of the forest resource including timber, wildlife, wildlife habitats, and ecosystems, and public access for recreational purposes.

**Conservation easement:** A legal agreement between a landowner and an easement holder which restricts use of the land by the owner to certain specified conservation uses, such as farming or forestry. Conservation easements may be held by conservation organizations or government agencies and usually run with the land, restricting use in perpetuity. The landowner continues to use and manage the land in accordance with the restrictions, while the easement holder is responsible for seeing that the restrictions are obeyed and upheld over time.

**Conversion:** The removal of forest land from traditional forest land uses and change of use into nonforest uses, such as residential development.

**Current use taxation:** Special property taxation that provides reduced taxation to forest land (or land open space land), based on taxing forest land at its use value rather than its full fair market value.

**Decennial survey:** The USDA Forest Service 10-year, state-by-state survey of the forest resource, including acreage, timber quantity and quality, and forest landowners, including demography and attitudes.

**Ecological reserves:** An area established to maintain in a relatively undisturbed state one or more ecosystems representative of a region. To properly understand the definition and use of the term “ecological reserve”, several points need explanation. First, the Council recommends that the need, size, and location of ecological reserves be based on sound science and determined through the Council-proposed open space planning process (see Recommendation 15). Second, human uses and activities allowed in a reserve, regardless of size, must be compatible with scientifically-determined ecological value(s) of the particular site(s).

**Ecosystem:** The complex of plants, animals, and physical environment (soil, water, atmosphere) that exists in a location or region. Ecosystems are usually grouped and classified according to their characteristic plants, animals, and environmental features.

**Ecosystem management:** The strategy by which, in aggregate, the full array of forest values and functions is maintained at the landscape level. Coordinated management at the landscape level, including across ownerships, is an essential component.

## Appendix D

### Expanded Northern Forest History and Process

Public attention to the Northern Forest issue, in the form of the Northern Forest lands Study, the Governors' Task Force on Northern Forest Lands, and the Northern Forest Lands Council, began with the sale of the so-called Diamond lands. Thus, it is important to understand the details surrounding that event. Numerous inaccurate accounts of the event have been written; the Council hopes the following description will assist those writing or speaking about it in the future to be accurate.

A detailed account of the Diamond and Guburn Lands Trust sales is presented in the proceedings from the Council's March, 1992 Forum on Land Sales Guburn and Former Diamond International Corporation. These proceedings are in the Council's Technical Appendix , which is available from state and university libraries around the country.

#### Diamond Land Sale

After decades of acquisition and consolidation, Diamond International Corporation owned 976,000 acres in Maine, New Hampshire, New York, and Vermont. In 1982, British financier Sir James Goldsmith acquired the entire 976,000 acres through a hostile takeover of the Diamond firm. Maine lands amounted to 790,000 acres, New Hampshire had 67,088 acres, New York 96,486 acres, and Vermont 22,426 acres. This takeover also included all the forest products manufacturing assets of the company.

In 1983, James River Corporation purchased most of the paper mill assets (in Maine and New Hampshire). In 1988 James River gained partial interest in the Maine timberlands along with a right of first refusal on the sale of these Maine lands which they had acquired in 1983. The balance of the assets, including the land, were sold to the French utility and telecommunications firm Cie General Electric (CGE) in 1987. CGE had no interest in managing the lands for timber and elected to sell them as quickly as possible. It was CGE then, not Goldsmith, who ultimately made the decision to put the lands on the market.

In 1988, through the real estate broker Land Vest, CGE began selling the lands. The 96,000 acres of New York lands were put up for sale as a single block and were purchased by Lassiter Properties of Georgia for \$17 million. Lassiter was in the business of both developing and managing timberland. The New Hampshire and Vermont lands, nearly 90,000 acres combined, were put up for sale as another unit. These were sold in 1988 for \$19 million to Rancourt Associates of Nashua, New Hampshire, a firm dealing mainly in mobile home parks. It should be noted that The Nature Conservancy, a non-profit international land conservation group, had been negotiating with CGE for the purchase of some of these lands prior to the sales.

## Appendix E

### Subcommittee Research Findings

Every recommendation cites the findings upon which it is based. All the findings are listed here according to their respective issue areas, as studies by Council subcommittees during its information gathering phase. The findings are extracted directly from the Findings and Options document. The Council released this document in September 1993 to gather the public's response to the optional strategies for conserving the region's forest values.

### Land Conversion

The concern about present and future conversion of forest land to non-forest uses in the Northern Forest region prompted the Congress and the governors of Maine, New Hampshire, New York, and Vermont to create the Northern Forest Lands Study, and subsequently the Northern Forest Lands Council. First the Study and now the Council have focused efforts on changes in the region which are, or potentially might be, leading to a loss of public and private values of these lands. The values include: long term stewardship of the forest resource for timber, wildlife, wildlife habitats, and ecosystems; and public access for recreational purposes.

To better understand the magnitude and extent of land conversions in the region for larger ownerships (greater than 500 acres), the Northern Forest Lands Council contracted for a comprehensive study of conversion activity for the period 1980-1991. This acreage cut-off was chosen because the Congressional concern centered on "large ownerships" and the limited research funds available required a targeted approach to data collection. The study also gathered landowner motivational information through direct landowner surveys. An important note is that, although land sales were used as a key data source for determining land conversions in the region, they are different from conversions. Land sales do not necessarily result in conversion.

The subcommittee also sought data and information on ownerships of less than 500 acres from existing studies and reports. The data resulting from those investigations (by contractor Market Decisions, Inc.) are very incomplete because existing studies either lacked data, or data were of a type which did not allow for useful analysis. As a result of these incomplete data, only findings number 3 and a portion of number 7 are drawn from the results of these investigations. All other findings concerning land sales and conversions are drawn from data on larger than 500-acre parcels.

## Appendix F

### Status of Northern Forest Resource Inventory

#### Introduction

The Northern Forest Resource Inventory (NFR I) is a state-based program designed to assist states in the gathering of natural and economic resource information, largely from existing data sources.<sup>1</sup> The purposes of the inventory are to: (1) assist state land conservation work; (2) establish an information baseline; and (3) provide a clear picture of the forest resource and the economy that relies upon it. The information gathered provides a factual basis for discussion and analysis of land conservation issues and policies in the Northern Forest. It will provide the framework for private sector and government applications beyond the life of the NFLC.

The inventory is Geographic Information System-based. A Geographic Information System (GIS) is a computer system capable of storing and using data describing places on the earth's surface. A GIS is more than a tool to make maps. It is a tool that allows the user to perform complex spatial analyses that integrate databases containing information about locations on the earth's surface. For example, emergency service providers can use GIS to identify the shortest routes to an incident. Shortened response times can save lives and reduce property damage.

#### History

The NFR I has its roots in the Northern Forest Lands Study and the companion Report of the Governors' Task Force on Northern Forest Lands. Chapter V of the Northern Forest Lands Study (Identifying Land with Important Resources) outlines the original concept for NFR I. When the Governors' Task Force recommended to Congress that it create the Northern Forest Lands Council, the Task Force also urged Congress to fund simultaneously an inventory of the region's natural and economic resources. During each year of the Council's operation, Congress provided funds to the states to conduct the inventory.

The NFLC issued two draft Operating Procedures, Standards and Guidelines documents, in May 1991 and October 1991. After public and technical review of these drafts, the Council approved a final version. This document guides the implementation of the NFR I.<sup>2</sup>

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<sup>1</sup> The Northern Forest Resource Inventory required landowner permission in cases where field work or ground-truthing of existing information was necessary.

**Northern Forest Lands Council  
Finding Common Ground**

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**Funding**

Congress funded the inventory for federal fiscal years 1991 through 1994, when the Northern Forest Lands Council disbanded. Funds were apportioned using a formula that divided a portion of the funds evenly and divided the remainder based on the percentage of land each state had in the original Northern Forest Lands Study area. The following table presents funding levels by state.

State / Fiscal year	Maine	New Hampshire	New York	Vermont	NFLC Office	Total
FY 1991	\$ 207,500	\$ 73,875	\$ 135,875	\$ 81,875	\$ 0	\$ 499,125
FY 1992	\$ 297,129	\$ 79,833	\$ 180,608	\$ 92,430	\$ 10,000	\$ 660,000
FY 1993*	\$ 297,129	\$ 0	\$ 180,608	\$ 92,430	\$ 33,000	\$ 603,167
FY 1994*	\$ 245,303	\$ 25,000	\$ 153,224	\$ 66,306	\$ 5,000	\$ 494,833
Project totals	\$1,047,061	\$ 178,708	\$ 650,315	\$ 333,041	\$ 48,000	\$ 2,257,125

\* Some FY 1993 funds were re-allocated to Maine, New York, and Vermont following New Hampshire's completion of its inventory project. New Hampshire received \$25,000 in FY 1994 to complete a special project approved by the Northern Forest Lands Council.

See Appendix I for the Total Northern Forest Congressional Funding breakdown per year.

**Operational process**

Each state is responsible for carrying out the inventory in a manner consistent with the Operating Procedures, Standards and Guidelines report. The four state coordinators<sup>3</sup>, working in concert with state technical working group, developed the approach for each state's inventory. An outside contractor worked with the coordinators, state Geographic Information Systems administrators, and other technical personnel to develop the technical standards for the inventory. State coordinators are responsible for technical and financial oversight of the NFRI project.

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<sup>2</sup> For a complete description of the Northern Forest Resource Inventory project, refer to the Operating Procedures, Standards and Guidelines report, published in October 1992 and included in the Northern Forest Lands Council Technical Appendix

<sup>3</sup> Northern Forest state coordinators are staff positions in each of the Northern Forest states. The positions are funded as State Planner grants by the USDA Forest Service-State and Private Forestry branch, as part of the Northern Forest Lands project. The state coordinators support their respective state's Northern Forest Lands Council members, and coordinate their state's public involvement program.

**Appendix F**  
**Status of Northern Forest Resource Inventory**

**A-59**

<b>Status of Northern Forest Resource Inventory</b> <b>Dates signify the projected date of completion for the specified data layer, as of September 1994.</b>				
<b>Inventory Data Layer / State</b>	<b>Maine</b>	<b>New Hampshire</b>	<b>New York</b>	<b>Vermont</b>
<b>Airports</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>Electric and gas lines</b>	<b>Complete</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>Complete</b>
<b>Elevations</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>Forest products manufacturing sites</b>	<b>December, 1994</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>Complete</b>
<b>Historic sites</b>	<b>Undetermined schedule</b>	<b>Complete</b>	<b>Complete</b>	<b>In progress, 1994</b>
<b>Hydrography (water)</b>	<b>June, 1995</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>
<b>Land habitat/cover, land use</b>	<b>Complete</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>
<b>Lands under existing state protection</b>	<b>June, 1996</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>Complete</b>
<b>Large blocks of forest lands</b>	<b>Complete</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>
<b>Political subdivisions (town boundaries)</b>	<b>June, 1995</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>Population density</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>Private lands open to the public</b>	<b>Undetermined schedule</b>	<b>Undetermined schedule</b>	<b>Undetermined schedule</b>	<b>Undetermined schedule</b>
<b>Privately-owned fee/ interest in lands</b>	<b>Undetermined schedule</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>
<b>Publicly-owned fee/ interest in lands</b>	<b>Complete</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>Complete</b>
<b>Railroads</b>	<b>June, 1995</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>Recreational opportunities</b>	<b>Undetermined schedule</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>
<b>Roads</b>	<b>June, 1995</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>Complete</b>
<b>Shoreline development</b>	<b>Complete</b>	<b>Complete</b>	<b>Undetermined schedule</b>	<b>Complete</b>
<b>Wetlands, state regulated</b>	<b>June, 1995</b>	<b>Complete</b>	<b>In progress, 1994</b>	<b>In progress, 1994</b>

### Update

The inventory project began in late summer of 1991. During the first year, the states concentrated automating base map features. The finalization of the Operating Procedures, Standards and Guidelines report allowed work to continue in an orderly fashion.

The table on the preceding page outlines each state's progress on all the data layers outlined in the Operating Procedures, Standards and Guidelines report. By the end of 1994, all states will have finished, or be very close to finishing, the highest priority data layers: base maps, public and private conservation ownerships, land habitat, cover and use, population densities, and elevations. New Hampshire and Vermont will likely complete their full inventories by the end of 1994. Due to funding and staff constraints, Maine and New York are less likely to complete the inventory by that time, although all funds have been committed to ongoing or scheduled projects.

### Uses of the data

Geographic Information Systems provide an efficient framework to store, manage, and exchange information about locations on the earth's surface. The information automated as part of NFERI will enable the private sector and all levels of government to make more informed decisions about land use, facility siting, service delivery, and other matters.

The base map information automated as part of NFERI is of particular importance. The accuracy of analyses using all other databases depends upon an accurate link between information and a particular spot on the earth's surface, using latitude and longitude, or some other coordinate system. The base map data layer is, and will continue to be for the foreseeable future, of universal utility.

States will be responsible for the management, updating, and future use of NFERI data. States are already using the automated data in a number of ways. For example, Maine's Land Use Regulation Commission is using elevation, land use guidance, and other data to evaluate the impact of a large-scale wind power project. Graphic displays of the information can assist the public in evaluating the potential impact of policy changes affecting forest lands. Such displays may also help to indicate the level of protection accorded the region's natural resource base.

### References

Northern Forest Lands Council, Operating Procedures, Standards and Guidelines: Northern Forest Resource Inventory, October 1992.

Watson, Julia, Wildlife Compendium Project, August 1, 1992.

Other existing studies under the auspices of the state universities and USDA Forest Service are also cited as sources for these findings.

### Extent and Location of Land Conversion

1. During the 1980-91 period, at least 203,000 acres of land across the region were parcelized in connection with the sale of large tracts of forest land (over 500 acres). This represents approximately 1% of the 26 million-acre Northern Forest area and approximately 4% of the 5.5 million acres of these large ownerships which changed hands during the period. Of this acreage, parcels totalling at least 39,000 acres were converted by development. This represents approximately 2/10ths of 1% of the study area and nearly 1% of the acres which changed hands. Source: Sewall Study.
2. Conversion activities have been focused on lands with high amenity values, particularly waterfront properties, those with accessibility to lakes, and those with outstanding views. Source: Sewall Study, Irland Study, Lindsay Study.
3. For parcels of less than 500 acres in size, the limited available research indicates that land from parcels under 500 acres in size is more likely to result in subdivision, parcelization and conversion than for transactions involving larger ownerships in the region (greater than 500 acres). Based upon the less than 500-acre data, between 10% and 25% of land sold was parcelized or converted. Source: Sewall Study, Market Decisions Study.

### Extent and Location of Land Sales

4. Over the past decade, there have been significant shifts in forest land ownership in the Northern Forest region. During this period, for ownerships of 500 acres and greater, at least 7.63 million acres changed hands. At least 2.1 million acres changed hands twice due to the sale of the Great Northern lands and other assets in Maine during the period of the study. Avoiding the double counting of these lands, the 5.5 million acres where ownership changed hands represent at least 21% of the Northern Forest area. A significant percentage of sales took place in the latter part of the study period. According to buyers of these lands, it is estimated that approximately 92% of the acreage sold (5.5 million acres) remained in timber management; 5% changed to public ownership and use (this includes 151,297 acres under conservation easement); 2% went to speculation for development; and the remaining 1% went to a combination of other commercial and unspecified private uses. The extent of land sales reflects the growing economic pressures faced by forest landowners and the instability, in some cases, caused by these pressures. Source: Sewall Study.
5. At least 344,137 acres (6% of the acreage sold and 1.3% of Northern Forest area), were sold to public agencies during the period. A significant portion, 151,297 acres, was through conservation easements. Source: Sewall Study.



6. Consolidation of smaller ownerships into larger ownerships occurred during the period but this has not been quantified. Source: Sewall Study.

7. Table 1 - Conversions and Land Sales - A Summary

Northern Forest Lands Area 1980-1991	500+ Acre Parcels			< 500 Acre Parcels		
	Acres	% of Region	% of Land Sales	Acres	% of Region	% of Land Sales
Land Sales	5,500,000	21 %	100 %	No data	No data	No data
Parcelization	203,000	1 %	4 %	No data	No data	10-25 %
Conversion	39,000	0.2 %	1 %	No data	No data	10-25 %
Public Acquisition	344,137	1.3 %	6 %	No data	No data	No data

Note: Of the 344,147 acres acquired publicly, 151,297 acres were acquired through conservation easement purchases.

Source: Sewall Study, Market Decisions Study.

### Impact of Conversion Activities on Traditional Forest Uses

8. Forest land conversion is most likely to occur in areas with significant recreational, scenic, and wildlife habitat values. As a result, these resources are more seriously affected by conversion activities than are lands without these attributes. Conversion of relatively small tracts can have a significant impact on these resource values because these resources are concentrated on a small percentage of the forest landscape. Source: Sewall Study, Irland Study.
9. Impacts of land conversion on timber availability across the region were not found to be significant. There were strong indications, however, that timber availability may be impacted on a localized basis. There are concerns that development in the midst of commercial timberlands could have substantial indirect impacts on the timber industry by creating a “shadow” influence on surrounding timber management and serving as a magnet for new development. Source: Sewall Study, Irland Study.
10. Land parcelization (i.e., dividing ownerships into smaller parcels owned by many owners) in most cases reduces the available timber base because of the varying objectives of new owners, and smaller timber management unit size. Source: Sewall Study, Irland Study, Birch - USDA Forest Service.
11. During the mid to late 1980s, as a result of public concerns about land conversion, public acquisition programs across the region expanded. Types of programs varied among the states. Most lands and easements acquired by public agencies continue to be managed for traditional uses including public recreation, wildlife habitat, and timber production. Some public acquisition may result in forest land being removed from timber production, the Adirondack Forest Preserve in New York, and possibly other areas as well. In recent years, conservation easements have been the primary acquisition tool used in the Adirondacks, keeping forest lands in timber production and providing for public recreation. Source: Sewall Study, Land Conversion Work Group, conservation entities.

## Sellers of Land

12. Significant sales of large forest tracts occurred across the range of forest landowners, including corporate, family, and individual lands. Source: Sewall Study.
13. Among all landowners, primary reasons for selling land were the lack of suitable return on investment and the need to raise cash for non-forest purposes. The increased demand for recreation development properties provided an attractive opportunity for some sellers to realize development value from their forest land investments. Source: Sewall Study.
14. Among individual and family landowners, estate tax concerns are a driving force behind land sales. Source: Sewall Study.
15. Increasing property tax burdens contribute to the sales of forest land for development, high-grading, and overcutting of timber before sales to maximize returns to sellers. This is exacerbated where current use tax programs (state programs designed to reduce property tax burden on forest and other open land) are not functioning well or are inadequately funded. Source: Sewall Study.
16. Many landowners took advantage of state and federal land acquisition programs over the past decade. All programs operated on a willing seller/willing buyer basis. The primary landowner complaint about these programs is the length and complexity of the public acquisition process. However, many landowners would likely be willing to sell additional forest land, or rights on forest land, to public and private conservation agencies if sufficient funding were available. Source: Sewall Study, conservation entities .
17. Current environmental and timber harvesting regulations were not singled out as a factor in land sales; however, concerns about an unpredictable regulatory environment and the potential costs of regulations may be having an increasing influence on forest landowner decisions. Source: Sewall Study.

## Buyers of Land

18. Sales of large acreages of forest land between established forest products companies typically did not result in major conversion activities. Approximately 92% of all acreage of land sales in the study remained in timber management, according to buyers surveyed. Source: Sewall Study.
19. Subdivision and conversion of land largely was carried out by speculative/development interests seeking a short-term return on their acquisitions. Often this return was accomplished through intensive timber harvesting in conjunction with subdivision activity. These activities involved both national companies attracted to profit opportunities in the region and local interests. Source: Sewall Study.

20. The ready availability of debt financing played a key role in many forest land sale and conversion projects. The excessive use of debt financing, or the borrowing of money to finance a purchase, is a concern in forest land purchases. This is because of the long time frame involved in timberland management and return on investment, versus the relatively short period of time to repay debt plus interest. It is not known how many transactions were financed in this manner, but the Great Northern, Diamond, and portions of the former Coburn Land Trust acquisitions (several of the larger of this type in the region) were. Extensive debt financing of forest land acquisition can force the rapid liquidation of assets either through subdivision or timber harvesting. Several companies involved in heavily financed forest land acquisitions went bankrupt because debt could not be financed in a declining real estate market. Source: Sewall Study, timber investor managers, Diamond/Coburn Forum.
21. By the end of the 1980s, tightening of the enforcement of subdivision regulations and adoption of new subdivision regulations slowed conversion activities in New York and Maine. Source: Sewall Study.
22. Over the past decade, federal, state, and local governments have taken increasingly active roles in the region to protect key public conservation values on lands through fee and less-than-fee acquisition. The state funding sources for acquisition have been reduced since the end of the decade. Source: Sewall Study, Land Conversion Work Group, conservation entities.

## Future Outlook

**NOTE:** The points articulated in this section are derived from a forum of forest industry analysts held in September 1992. This forum was a component of the Sewall Study.

23. The major owner of forest land in the Northern Forest, the forest products industry, is viable (although in specific cases in tough economic situations), and will continue to need a major forest ownership base for its operations. Source: Sewall Study.
24. It is likely that development pressures from the vacation/second home market, while temporarily reduced, will continue to place significant conversion pressures on owners of certain lands with high amenities, particularly water frontage and scenic areas, especially for lands most accessible from major metropolitan areas. Source: Sewall Study, Ireland Study.
25. Due to the profit opportunities presented by the vacation/second home market, particularly nearest population centers, it will be attractive for some forest landowners to sell land that is peripheral to their principal holdings and resource requirements. Improving profitability of forest management may reduce, but will not stop, the conversion of high value development lands. Source: Sewall Study.
26. Opportunities exist in the Northern Forest for new investment in forest land for long-term timber management through institutional investors who have recently invested heavily in forest land elsewhere in the United States, and recently in the Northern Forest area. Barriers to such investment in the region have included a perceived unstable tax and regulatory environment, and the relatively high price of some forest land compared to its long-term return when managed for timber production. Source: Sewall Study.

27. Land of non-industrial owners may be the most susceptible to forest land sales and conversion. These owners do not operate facilities that require timber products and therefore are more likely to take advantage of profitable land sale opportunities. Source: Sewall Study.

### Information Needs

28. Across the region, collection of information about forest land sales and conversion has been poor. In order for states to keep track of forest land use trends, new information collection systems are required for tracts of all sizes—but particularly for tracts of less than 500 acres—in order to better understand the impact of forest land conversion on traditional land uses. This will also allow for better understanding of environmental and land use regulations and their effects on land sales and conversions. Source: Sewall Study.

### Sources:

The “Sewall Study” refers to the Northern Forest Land Conversion Study prepared by the James W. Sewall Co. of Old Town, Maine, and Market Decisions, Inc. of South Portland, Maine during 1992. The study was contracted and funded by the NFLC.

The “Market Decisions Study” refers to a review of existing data and studies which was conducted on transactions and conversions of parcels less than 500 acres by Market Decisions of South Portland, Maine, from May through August 1993. The review was contracted and funded by the NFLC.

The “Irland Study” refers to the land conversion case-study analysis of selected counties in the Northern Forest prepared by The Irland Group of Augusta, Maine, in 1989. It was contracted and funded by the USDA Forest Service for the Northern Forest Lands Study.

The “Lindsay Study” refers to a study of the land transactions and land conversions in Vermont during the period of the late 1980s and early 1990s prepared by Jack Lindsay, et. al., of the University of Vermont.

The “Birch-USDA Forest Service” refers to various landowner studies prepared by Thomas Birch of the USDA Forest Service as part of each Forest Service Decennial Survey process.

The “Diamond-Coburn Forum” refers to a one-day forum sponsored by the NFLC in March 1992. The forum documented the details and outcome of the sale of forest lands owned by the former Diamond International Corporation and Coburn Lands Trust.

The “Land Conversion Work Group” refers to the panel of volunteer advisors who assisted the Land Conversion Subcommittee with its research and analysis.

## Biological Resources

The biological resources of the Northern Forest—the forests, trees, plants, animals, insects, and numerous other organisms and how they interact with each other individually, as a whole, and with people—are fundamental considerations of the Northern Forest Lands Council. Without this basic living make-up, there would be little concern for possible future natural or economic changes in the region. This complex living forested landscape is what people depend on and are drawn to for many different reasons, including personal and economic.

The concern for the status of the diversity of the biological resources is based on these fundamental concepts. The issue is a relatively new one which is receiving much debate in the scientific community. The Council has sought to better understand this issue of “diversity” and why it is important to many people both within and outside the region. To do this, the Council’s Biological Resources Subcommittee convened a forum of scientific experts in December 1992 to seek understanding of the status of the biological resources of the region. It also requested and received from two of the forum panel members a report on one of the discussion themes of that forum—ecological reserves.

The subcommittee also commissioned three papers from Ash Cove Consulting of Yarmouth, Maine, to better understand the following: whether the natural community, or ecosystem, classification systems of the four Northern Forest states were compatible or could be made compatible; what federal, state, and private entities were doing to encourage the conservation of the diversity of biological resources in the United States; and what voluntary tools are available to landowners who want to learn about and implement management which maintains diversity on their lands.

From this work and other scientific papers and writings, the subcommittee draws its findings.

1. **Biological diversity or biodiversity:** “The diversity of life in all its forms, and at all levels of organization. ‘In all its forms’ reminds us that biodiversity includes plants, invertebrate animals, and microorganisms, as well as vertebrates that garner most of the attention. At ‘all levels of organization’ indicates that biodiversity refers to the diversity of genes and ecosystems, as well as species diversity.” Source: Fundamentals of Conservation Biology book in preparation by Dr. Malcolm L. Hunter, Jr.
2. **Biological diversity is an important issue for the Northern Forest Lands Council because the diversity of life is a basic property of nature that:**
  - sustains ecosystems;
  - sustains human populations;
  - provides an extensive array of food, fiber, health, recreational, aesthetic, economic, and other benefits.

The lands and waters of the Northern Forest are home to a wide range of plants, animals, and microorganisms that interact to form natural communities and ecosystems. Keeping these natural systems functioning helps maintain the benefits we derive from them, provides opportunities for research, and reduces the need for difficult and costly efforts to save individual species or re-create natural communities. Source: "Biodiversity on Private Lands," An Initiative of the Presidents' Commission on Environmental Quality, March, 1993, Hunter/Haines Paper.

3. The social and economic conditions which make up the region's quality of life are inextricably linked to the biological resources of the region. Therefore, maintaining the diversity of biological resources in the region is important in providing economic opportunity and social well-being. Source: Biological Resources Diversity Forum
4. Any action to conserve biological resources is likely to have economic and social effects. Therefore, to be widely accepted, initiatives to conserve biological resources must address the needs of people as an integral part of the environment. Source: Biological Resources Diversity Forum, Brocke "Recommendations".
5. The Northern Forest region encompasses a diversity of habitats influenced by topography, soils, hydrology, climate factors, natural biological agents, and natural disturbances, as well as past and present human uses of the land. Source: Biological Resources Diversity Forum
6. This diverse landscape supports a complex and dynamic array of flora and fauna. Maintaining biological diversity across this landscape is not simply maintaining species richness on a particular site. Rather, it is maintaining the diversity of naturally occurring species, their genetic make-up, and the ecosystems which they inhabit. Biological diversity should be viewed from a landscape perspective rather than from a narrow focus on specific sites. Source: Biological Resources Diversity Forum, Flatebo Study.
7. The Northern Forest region is characterized by a diverse land ownership and management pattern; therefore, a full range of techniques and mechanisms should be available to maintain and enhance the diversity of the region's biological resources. Source: Biological Resources Diversity Forum, Flatebo Study.
8. Human influence on the Northern Forest over the past several centuries has resulted in: fewer older forest stands, more roads, different disturbance patterns, and changes in species composition. Source: Biological Resources Diversity Forum.
9. Land conversion for housing and other relatively permanent non-forest uses results in less biological diversity, at least in the developed area. Poorly planned subdivision and development in the region will likely limit opportunities to maintain and enhance the Northern Forest's biological diversity. Source: Biological Resources Diversity Forum.
10. The impacts of forest management activities on biological diversity can either be positive or negative depending upon the species and diversity goals, agricultural practices, and landscape context. Source: Biological Resources Diversity Forum.

11. The forest products industry, including large and small landowners, manufacturing companies, businesses, and others dependent on the forest resource, can continue to be compatible with maintaining the diversity of the region's biological resources on managed lands, especially when resource managers are successful in finding systems that integrate biological diversity conservation along with other factors such as timber, recreation, and wildlife. **Source: Biological Resources Diversity Forum.**
12. Information on forest management techniques to maintain biological diversity is difficult for landowners and land managers to obtain. Furthermore, there is no mechanism for several landowners to integrate and coordinate their management decisions on the landscape scale. **Source: Flatebo Study.**
13. While there is sufficient information to suggest biological diversity conservation strategies, the long-term implications of human activities on natural processes in the forest ecosystem are not fully understood, and may never be. **Source: Biological Resources Diversity Forum.**
14. There are many new concepts, techniques, initiatives, and programs that complement and build on existing programs for maintaining or enhancing biological diversity on public and private lands. The Northern Forest Lands Council recognizes that many of these are untried while others are ongoing. These include the following:
  - For private lands: The President's Commission on Environmental Quality Initiative, the results of which are ongoing; World Wildlife Fund—Private Lands Initiative; American Forests Forest Policy Center ecosystem management initiative; the Collaborative Ecosystem Management concept as outlined by W. Licknor; special natural areas registry programs; property tax incentives for conservation biodiversity; the Stewardship Incentive Program; the Forest Legacy program; fee and less-than-fee acquisition techniques; forest management principles; voluntary agreements; and others.
  - For public lands or by public agencies: Ecological reserve initiatives; management techniques resulting from the "Keystone Dialogue"; Partners in Flight program; Biodiversity Uncertainties and Research Needs Project; Man in Biosphere Program; National Biological Survey; Environmental Protection Agency's Environmental Monitoring and Research Program; state-based initiatives for state owned lands; California's Natural Community Conservation Planning Program; the USDA Forest Service's Ecological Classification and Mapping project; GAP Analysis; and others.**Source: Flatebo Study, Subcommittee investigations, Hunter/Haines Paper.**
15. Much research is ongoing and further studies are necessary to better understand the current status of biological diversity in the Northern Forest region and the impact of the traditional ownership patterns and uses upon that diversity. Some unanswered research issues include:
  - species abundance
  - genetic diversity increase or decline
  - effects of natural and human disturbances
  - area requirements for maintaining viable species populations
  - fragmentation and penetration of forests by human influences such as development and roads

**Source: Biological Resources Diversity Forum, Hunter/Haines Paper, Brocke  
“Recommendations” Flatebo Study.**

16. Presently there is no common natural community classification and nomenclature system among the four Northern Forest states. **Source: Biological Resources Diversity Forum, Flatebo Study.**

#### **Sources:**

The “Flatebo Study” refers to three white papers produced by Flateboof Ash Cove Consulting of Yarmouth, Maine, on the issues of the compatibility of natural community classification systems, a survey of national, regional, state and local programs and projects on biological resources diversity in the U.S., and a review of voluntary techniques for maintaining biodiversity on private lands. The study was contracted and funded by the Northern Forest Lands Council in the first half of 1993.

The “Biological Resources Diversity Forum” refers to a forum sponsored by the Biological Resources Subcommittee of the NFLC on December 9, 1992 in Manchester, NH.

The “Hunter/Haines Paper” refers to an Ecological Reserve System for the Northern Forest Lands of New England and New York: A Briefing Paper for NFLC prepared by Drs. Malcolm L. Hunter, Jr., of the University of Maine and Sharon Haines of International Paper in January 1992.

The “Brocke Recommendations” refers to a June 23, 1993 letter to the Biological Resources Subcommittee of the NFLC from Dr. Rainer Brocke of the State University of New York, College of Environmental Science and Forestry outlining his recommendations to NFLC on the biological diversity issue and on the Hunter/Haines briefing paper.



## Conservation Strategies

Land conservation is no longer seen as occurring behind publicly defined boundaries, in parks, refuges, and forests. The resource concerns are too complex, the public purse too limited, and the contribution of private landowners and business interests too essential.

The concepts of land conservation, private stewardship, working landscapes, and sustainable resource-based economies resonate across the country. All of the parties concerned—landowners, government, citizens, conservation groups, businesses, and others—recognize the shortcomings of the traditional approaches of acquisition and regulation, and see the need for new land conservation tools to meet the challenges of the future.

The land conservation movement is experiencing a paradigm shift, as the emphasis shifts to landscape approaches that transcend boundaries yet respect them; to partnerships between government and landowners that have their basis in common goals and mutual respect; and to a search for solutions that build upon past successes.

It is clear that existing government policies at all levels do not sufficiently encourage, reward, support long-term land conservation, neither on private land nor on public land. These policies need to change to realize the vision of a productive and sustainable working landscape in the Northern Forest. The Conservation Strategies Subcommittee was charged with identifying new tools for land conservation that will enhance and maintain the public and private values on the lands of the Northern Forest. These values include the long-term stewardship of the forest resource, including timber, wildlife, ecosystems, and recreation. While other Council subcommittees have examined certain techniques and mechanisms, such as tax incentives and forest-based economic development initiatives, this subcommittee examined land conservation tools that link the public and private sectors, such as voluntary public access agreements, conservation easements, and fee acquisitions.

The Council contracted with State Resource Strategies of Washington, D.C. to investigate the myriad of land conservation tools and mechanisms in use within the United States. The contractor examined both successes and failures as well as lessons learned. From this research and further investigations by the subcommittee through landowner interviews and other techniques, and with strong assistance from its work group and interested citizens, the subcommittee has drawn its findings for policy changes.

### Overview

1. Core themes being discussed and debated throughout the United States with regard to land conservation issues include:
  - an emphasis on larger approaches that deal with ecosystems or landscapes, that cross boundaries but still respect them, and are concerned with both private and public lands;
  - a recognition of the shortcomings of both the market and government intervention in protecting natural resources;

- a groping for solutions that seem to call for new institutions and partners, and some risk-taking;
- a new respect by environmentalists of the critical role of healthy and profitable resource-based industries and activities in achieving broad natural resource protection goals, and by industry leaders and business interests for the economic relevance of concerns about resources at risk;
- a search for better science to provide a solid underpinning for proposed land conservation actions;
- a shift from regulatory top-down approaches to experimentation with market-driven techniques, voluntary arrangements in consultation with landowners and local residents, and flexible responses;
- an emphasis on partnerships and the increasing presence of private land conservation organizations, as well as states and local governments, as ongoing collaborators.

Source: Myers Study

2. Economic and other pressures continue to drive private forest landowners in the Northern Forest to consider sale or non-natural resource use of their property when many would prefer not to sell or convert use. Source: Sewall Study.
3. Opportunities exist to work closely with private landowners to further land conservation efforts; however, landowners' fears about the negative consequences of land conservation are impeding these efforts. These fears include current and potential land use regulations that may be inequitable, have no scientific basis and are ever changing, and the government's use of eminent domain and condemnation powers to create new public ownership. Source: Subcommittee investigations, Landowners interviews
4. A variety of private and public landownership structures is advantageous to the Northern Forest region. Differing management philosophies stimulate all management to adopt policies which serve the public interest. Source: Subcommittee investigations, Conservation Strategies Work Group.
5. Private land trusts have played an increasingly important land conservation role in the region. These efforts often do not require public funding and are based on local support. Many landowners are likely to be open to such home-grown opportunities and their property rights concerns may be addressed easily through these initiatives. Source: Landowner interviews, Conservation Strategies Work Group.

## Program Funding

6. State-based programs play a crucial role in land conservation in the region; however, funding for public conservation and land management at all levels is often inadequate. Further, the increased need for additional management funding is rarely tied to new public land acquisitions. Recent trends in funding for management, repairs, and improvements on public ownerships are also down. Source: Myers study, Subcommittee investigations.
7. The federal Land and Water Conservation Fund historically has been an important funding mechanism for public acquisition and improving public recreational access in the Northern Forest region. However, the states in the Northeast have received less and less support from this program over time, as the emphasis has shifted to more federal acquisitions in other regions of the country. Source: Myers Study, Subcommittee investigations.
8. Some states collect user fees to compensate landowners for providing public recreational access to their lands. Similar private sector efforts also exist, such as the North Maine Woods gate fee system. In the past, government-collected user fees have not always been dedicated and in some areas have been used for non-conservation purposes. Source: Myers Study, Subcommittee investigations.
9. There is a lack of sufficient economic contributions by some recreational users, and by the public who demand or desire public recreational use of private lands. Some user groups have indicated their willingness to contribute funds to a recreational access program through a tax on recreational equipment, though no structure exists to undertake this. Source: Myers Study, Subcommittee investigations.

## Existing State and Federal Land Conservation Programs

10. The existing delivery systems of some federal land conservation programs, both acquisition and non-acquisition, are often antiquated and not easily workable in the region because these programs are often national in design and are rarely tailored to the needs of landowners in a specific region and state. Source: Myers Study.
11. Numerous federal and state land conservation tools other than land acquisition are available to encourage the long-term conservation of the region's forest lands, and to protect public and private values of importance to the people of the region and beyond. Examples include the Stewardship Incentive Program and the new Partners in Wildlife program. Source: Myers Study.
12. Conservation easements are a tool which have come into increasing use in the Northern Forest region for protection of important public and private values. Fee acquisition is a past, present, and a future tool for land conservation in the Northern Forest. Source: Myers Study, Subcommittee investigations.
13. Over the last decade, many landowners took advantage of state and federal land acquisitions programs. Today, many landowners would likely be willing to sell additional forest land outright to the public or through conservation easements if sufficient funding were available. Source: Sewall study; Myers Study, Subcommittee investigations.

14. Federal funding is needed to ensure the success of certain land conservation tools; however, significant state and local government involvement in these efforts is essential. Federal grants to states for acquisition and management are often the most effective and broadly accepted approach. Precedents exist for such state and local involvement, both within the region and elsewhere. Examples include local government approval of additions to National Forests in some states, and a linkage of federal land acquisition dollars with state or locally managed land conservation programs such as the Allagash Wilderness Waterway in Maine and the Pine Barrens in New Jersey. Source: Myers Study, Subcommittee investigations.
15. Forest Legacy has the potential to be a key land conservation tool for the Northern Forest region, but administrative, legislative, and funding changes are necessary to make this an effective program. Source: Subcommittee investigations.
16. Public timberlands are subject to political pressures which may limit them as dependable long-term sources of timber; this is a concern when evaluating potential new public fee acquisition of forest land. Source: Subcommittee investigations.
17. In the past, existing and proposed public conservation strategies have not been completely evaluated with cost/benefit analysis. Source: Subcommittee investigations.
18. The economic and property tax impacts of past and potential future public land acquisition in the region are not clearly understood. Source: Myers study.

### Additional Conservation Tools and Priorities

19. High amenity land attributes, particularly water frontage, are important considerations when developing conservation strategies because lands with these attributes are more likely to be converted to non-forest use than lands without these attributes. Source: Sewall Study.
20. Some land on the market today may have important public and private values and is available from willing sellers. The amount of land actively for sale in the region is not fully known. It is also not fully understood how much of this land is of broad conservation interest. Where these lands are of conservation interest, public acquisition of fee or less-than-fee interest in the land can protect these values for the future and create opportunities for federal, state, local, and tripartite partnerships in land conservation. Source: Subcommittee investigations.
21. Public land conservation programs and funding are attractive to landowners when administered at the most local level of government. This local participation in the process is often essential for long-term success because it encourages local institutionalization, an important attribute for successful local initiatives. For example, local planning tools such as local land use regulation and creative development options (including open space zoning) have been appropriate and cost effective tools for achieving conservation goals in the Northern Forest region. In addition, opportunities exist to merge or leverage property tax relief programs with direct compensatory land conservation strategies. For example, Chapter 121A, a property tax abatement program in Massachusetts for farmland/open space, provides a right of first refusal to the local government assignable to the state and/or a land trust when property enrolled in the program comes onto the market. A similar initiative exists for farmland in Vermont. Source: Subcommittee investigations, Conservation Strategies Work Group.

22. Motivations of small, non-industrial landowners for owning and managing forest land in the Northern Forest are often different than those of larger owners; therefore, different conservation options may be appropriate for these two groups. Source: Subcommittee investigations.

### **Public Awareness and Educational Resources**

23. Hundreds of existing public and private conservation strategies programs and initiatives are available in the Northern Forest region, and the dollars associated with these programs number in the hundreds of millions annually. A comprehensive listing of these programs and initiatives, their applicability and current status, does not currently exist. There is a general lack of public information and understanding of the use of these various programs, initiatives, and tools. The lack of a single-source listing of public and private land conservation options available to private landowners has affected their decisions on land conservation in the region. Source: Myers Study, Council investigations, Northern Forest Lands Study.

### **Sources:**

The “Myers Study” refers to a research project on conservation strategies conducted by Phyllis Myers, president of State Resource Strategies of Washington, D.C. The study was contracted and funded by the Northern Forest Lands Council in 1993.

The “Sewall Study” refers to a research project undertaken under the auspices of the Land Conversion Subcommittee of the Council. See that section of this report for more information on the report and study.

The “Conservation Strategies Work Group” refers to the panel of volunteer advisors who assisted the Conservation Strategies Subcommittee with its research and analysis.



## Local Forest-Based Economy

Among the many values provided by the Northern Forest is the forest's economic contribution. It provides high quality wood, abundant fiber, open space, clean water, fish and wildlife, and recreational opportunities, most of which support jobs. Recognizing this, the Council seeks to stimulate the local forest-based economy within the region and to improve its competitiveness in the global economy. To this end, the Council investigated three major areas. The first was an assessment of what is already happening in the region to strengthen local economies through the forest resource. This was accomplished through a forum of economic development practitioners in April 1992. The second was an assessment of the economic impact of the forest to the regional economy. It was prepared in conjunction with the Northeastern Forest Alliance (an association of state foresters in Maine, New Hampshire, New York and Vermont). The third project was identification of how the region is being affected by global economic trends in wood products and forest amenities through a study by C.T. Donovan Associates of Burlington, Vermont. The results of both studies and a host of expert panelists contributed to a June 1993 forum with a diversity of interests from across the region. Both the studies and the forum proceedings form the basis for the findings.

### Economic Impact of Forest Industry

1. In the Northern Forest states, forest-based economic activity is very important to each state's overall economy. The table below identifies total payroll for forest-based manufacturing and recreation for each state, percent of forest-based manufacturing and recreation employment in state's total employment, and total economic contribution of forest-based manufacturing and recreation payroll, stumpage sales, firewood sales, manufacturing sales, wood fuel sales, tourism and recreation expenditures, and sale of other specialty forest products. (Data from 1987 to 1989.)

Value of Forest-Based Manufacturing and Recreation	Annual Total Payroll	% of State Employment	Annual Total Economic contribution
Maine	\$888,300,000	12 %	\$7,418,500,000
New Hampshire	\$383,800,000	7 %	\$3,200,600,000
New York	\$1,788,700,000	2 %	\$13,302,700,000
Vermont	\$251,500,000	11 %	\$2,027,900,000

Source: NEFA Reports

2. Factors affecting employment levels in traditional forest products businesses include:
  - a. Increased productivity, greater efficiency, improvements in production processes, and mechanization.
  - b. Escalating costs of insurance, particularly workers' compensation and health.
  - c. Certain traditional woods jobs are unappealing to local residents and are being filled by imported labor. (Examples are timber stand improvements and timber harvesting.)
  - d. Economic cycles.

Source: Forum '93, Subcommittee investigations.

## Global Trade

3. The global economy is having an increasing and significant impact on forest-based economies in the Northern Forest region. Source: Donovan Study.
4. Global demand for raw logs and wood chips is expected to increase through the 1990s. This will be largely in response to the continued demand for wood fiber by countries and regions that do not have the forest resources to supply their demand. Source: Donovan Study
5. Major importers of raw logs and wood chips will continue to be Japan, Finland, Sweden, Taiwan, and Korea. Source: Donovan Study.
6. Major exporters of raw logs and wood chips will continue to be the United States, Australia, Canada, and Chile. Source: Donovan Study.
7. The export of raw logs from the region has increased in recent years. There is concern within the region that this will negatively impact the resource base and employment opportunities. To date, there is no published data documenting negative impact, nor identifying the implications of increased export. Source: Subcommittee investigations.
8. United States demand for all major timber products is expected to increase through 2040. Source: Donovan Study.
9. Exports of wood products from the United States are expected to continue in the future. Projections for increases are unreliable due to uncertainties about making trade projections (from changing currency exchange rates, product restrictions, foreign trade, labelling requirements). Source: Donovan Study.
10. Canadian provinces may have a competitive advantage over Northern Forest product manufacturing industries. While not documented, the following perceived to contribute to this competitive advantage.
  - a. Government policy of full employment.
  - b. Government policies on health care and workers' compensation.
  - c. Government incentives for full loads on return trip for trucking.
  - d. Presence of modern manufacturing facilities.
  - e. Presence of low electric power costs.



- f. Historically, non-competitive arrangements between some Canadian public (crown) lands and some private corporations.**
- g. Provision of low cost start-up loans.**

**Source: Local Forest-Based Economy Work Group.**

### **Financing**

- 11. Consolidation of the banking industry, prompted in part by government deregulation, has reduced local financing opportunities. Concerns include:**
  - a. Increasing detachment from local communities by banks.**
  - b. Lack of understanding of recreation and wood products industries, and rural economic needs.**
  - c. Tightened availability of capital.**

**Source: Local Forest-Based Economy Work Group.**

### **Marketing**

- 12. Some forest product businesses are not keeping up with changes in public demand for goods and services. Among certain forest products businesses, there is:**
  - a. Little entrepreneurship in new product lines and market opportunities.**
  - b. Lack of application of research and development in new products and technologies to the region's forest resource.**
    - (1) Reprocessing of recycled paper.**
    - (2) Harvesting and use of special forest products (tanicals, mushrooms).**
  - c. Unwillingness or inability to diversify product lines.**
  - d. Under-utilization of total wood resource in manufacturing.**

**Source: Forum '93, Local Forest-Based Economy Work Group.**

- 13. Marketing of forest-based products and services by businesses is not sophisticated. Reasons include:**
  - a. Little long-range planning.**
  - b. Not responsive to market trend changes.**
  - c. Regional coordination of marketing lacking.**
  - d. Unresponsive to rapidly changing consumer tastes.**

**Source: Forum '93, Local Forest-Based Economy Work Group**

- 14. The Northern Forest rural area has opportunities to create memorable experiences. Furthermore, the Northern Forest has strong tourism market potential.**

- a. Tourists want to learn about people, and their past and present activities. Historical opportunities abound in the Northern Forest.
- b. Tourists seek uncrowded, natural settings in which to relax and recreate.
- c. The region's accessible rivers and woods provide opportunities for meeting market niches for "soft" adventure and "safe" fantasy.

Source: Forum '93

15. Sustainable forestry is critical to the forest economy, as well as to other forest values, such as biodiversity. Consumers of forest products are showing a willingness to support sustainable forestry through their purchasing behavior.

Source: Forum '93.

### Regulatory Climate

16. While many in the regulated community do not find regulations negative per se, they believe that the administrative process for existing regulations may at times hamper economic development.
- a. Variable transportation regulations across states can impede the flow of goods and increase their prices.
  - b. Some regulations are not user-friendly.
  - c. The administration of regulations can be confusing and difficult.
  - d. Generally, with few exceptions, regulations are inflexible in their application.
  - e. The lack of regulatory stability discourages some businesses from expanding or changing their processes because they are unsure what "the rules of the game" will be in the future.

Source: Forum '93.

### Federal, State, and Local Government Roles

17. Rural communities need to better articulate their development needs and desires.
- a. Rural economies are small and dispersed.
  - b. Rural communities lack organized, grassroots political base.
  - c. The natural resource base can be better promoted and utilized as a resource for community economic development.

Source: Forum '93, Local Forest-Based Economy Work Group.

18. State legislators and government officials need to better understand and respond to rural economies.
- a. Rural economic problems and opportunities often are not high priorities for state governments.
  - b. State level decision-making is often controlled by urban voting blocks.
  - c. State forest promotion/management agencies are not a high priority in state government.
  - d. Importance of the natural resource base to rural economies is not well understood.

Source: Forum `93, Local Forest-Based Economy Work Group.

19. There are many federally funded programs within the region promoting economic development through use of the forest resource. Some gaps and overlaps exist among various programs.

Source: Forum `92.

20. There is a lack of adequate infrastructure to support rural economic development in the region. Quality infrastructure is a cornerstone for economic development and rural economies have limited ability to pay for infrastructure. The quality of the infrastructure largely dictates ~~economic~~ development options. (Examples of infrastructure needs are transportation, water, sewer, and solid waste.) Rural communities often lack the tax base to support infrastructure and depend upon state and federal funds to develop their infrastructure.

Source: Forum `93, Local Forest-Based Economy Work Group.

21. New policies in federal land management across the country will affect the region. They will change where wood comes from, how it is manufactured, and where it is redistributed in the markets. Timber harvests from federal lands are likely to decrease over time.

Source: Forum `93, Donovan Study.

22. Upgrading existing mills is an important tool for improving the region's forest-based economy. There are opportunities to improve the viability of the region's existing mills.

a. Siting new mills is extremely difficult.

b. Existing mills have the potential to be upgraded to meet future demands for wood products, and environmental quality.

Source: Forum `93, Local Forest-Based Economy Work Group.

### Sources:

The "Donovan Study" refers to a research project entitled "Global Economic Trends that Affect the Forest-Based Economy in the Northern Forest Lands" which was produced in July 1993 under contract for the Northern Forest Lands Council by C.T. Donovan and Associates, Inc. of Burlington, Vermont.

The "Forum `92" refers to the April 4, 1992 forum with economic development practitioners in White River Junction, Vermont.

The "Forum `93" refers to the June 14-16, 1993 "Forum: Building Local Economies With Wood Products and Forest-Based Recreation and Tourism," sponsored by the Local Forest-Based Economy Subcommittee in Montpelier, Vermont.

The "NEFA Reports" refers to a series of four reports prepared by the Northeastern Forest Alliance and the Council in 1993, entitled "The Economic Importance Of Maine's (New Hampshire's, New York's, and Vermont's) Forest." The Northeastern Forest Alliance is an association of state foresters for Maine, New Hampshire, New York, and Vermont.

The "Local Forest-Based Economy Work Group" refers to the panel of volunteer advisors who assisted the Local Forest-Based Economy Subcommittee with its research and analysis.



## Property Taxes

As identified in the work of the Northern Forest Lands Study and the Governors' Task Force on Northern Forest Lands in their April 1990 reports, property tax policy affects the ability of forest landowners to hold and manage their lands long-term. The Northern Forest Lands Council investigated this issue from two major perspectives. First, an analysis was completed which looks at the economics of timberland ownership and property taxes in the region. A contractor completed this study for the Council. A second project, a comprehensive review of existing "current use" or use value property tax assessment programs within and outside the region, and an investigation of alternatives to the current system, was accomplished through an outside contractor as well.

These studies have found that in a significant portion of the Northern Forest region the ad valorem property valuation method for property taxes is an impediment to the long-term conservation of forest land for its multiple benefits, and is a threat to the traditional patterns of ownership in the region.

The following findings were drawn primarily from these studies.

### Existing Situation

1. The four Northern Forest states of Maine, New Hampshire, New York, and Vermont rely heavily on property tax revenue for local government services. All four states rely more heavily on this source of tax revenue than the national average, which is 30%. Maine's reliance is 45%; New Hampshire's is almost 70%; New York's is 40%; and Vermont's is nearly 60%. Property tax policy is a state policy issue. Source: RSG et al Study.
2. Ad valorem, or fair market value property valuation, is the statutorily mandated valuation method used in the Northern Forest states and elsewhere in the United States to determine property valuation for the purpose of property tax assessment. State mandates in the Northern Forest states require 100% valuation, or current fair market valuation, to be the basis for valuation. Prior to the 1970s, undeveloped forest and agricultural land assessments under ad valorem methods in the Northern Forest states were traditionally low because these lands often had little development value. As development pressures increased the market value of some of these lands, Maine, New Hampshire, and Vermont instituted some form of preferential tax treatment or "current use" program which based property valuation on the income producing capability of the land as timberland and farmland. In New York, the 480A program was initiated to allow forest land to be taxed at a percentage of its fair market value. Source: RSG et al Study; Canham et al Study.

3. Although an impediment to the long-term conservation of forest land in the Northern Forest, ad valorem based property tax valuation is not, at present, as significant an issue in the sparsely populated 10.8 million acres of unorganized townships in Maine, New Hampshire, and Vermont, because the ad valorem valuation is often close to current use valuation. In certain instances, however, valuation of waterfront properties and other high development value lands in these unorganized areas, and the effective tax rates experienced in certain townships, are important property tax considerations today. These considerations are likely to be more important issues in the future. Source: RSG et al Study; Canham et al Study.
4. As originally envisioned in colonial times, property was an acceptable measure of wealth. Although this premise rarely holds true today in the Northern Forest region, the property tax system is still based on that historical assumption. Source: RSG et al Study.
5. Fair and reasonable taxation of forest land is an important component of a strategy to protect the Northern Forest. In each of the Northern Forest states, maintenance of the forest is an important public goal for many reasons—economic, environmental, and social—and basing the property tax on ad valorem valuation is a deterrent to achieving that goal. Source: RSG et al Study, Canham et al Study
6. Generally, ad valorem property taxes on forest land in the Northern Forest states rose during the 1980-1990 decade. In Maine and New York, these taxes doubled during the period. Increases in New Hampshire and Vermont were somewhat less. Source: Canham et al Study.
7. The major cause of the significant property tax increases has been the need of local governments to raise revenues for public services, especially education. This trend has been caused, in part, by state and federal mandates not fully funded by these levels of government. This increased revenue need has caused increased pressure on forest landowners through property tax burdens. Source: RSG et al Study, Canham et al Study.
8. Annual property taxes on forest lands range from lows of less than \$1 per acre to highs of \$10 and \$15 per acre in parts of the region. Source: Canham et al Study, Subcommittee investigations.
9. On average, timber management as the sole source of income in the Northern Forest region is only profitable at low property taxes, less than \$2 per acre per year in some areas and less than \$1 per acre per year in others, depending on the productivity and accessibility of the site. It is important to remember that these are average numbers and there are cases where these numbers are less than \$1 or greater than \$2. Source: Canham et al Study.
10. In the Northern Forest region, the potential for development is a major factor which drives the market value of forest land. In areas where the market values are low, it is expected that development pressures will increasingly become a factor encouraging development in the future. The current use value, which includes the land's value for producing timber or agricultural products, is often significantly less than the market value. In many areas, because there is such a large difference between the market value and the current use value of forest land, the annual tax based on market value exceeds the annualized income that could be derived from timber. Source: RSG et al Study, Canham et al Study.

11. In the long-term, current use programs, if successful, encourage conservation of forest, farm, and open space lands. It is often believed that, because development increases the tax base, property taxes will drop. For this reason, some people have linked forest land conservation efforts with higher tax bills. However, the actual relationship between taxes and development shows the opposite is true: in each of the Northern Forest states, the more population growth, the higher the tax bill on the median-value house. This relationship does not necessarily mean that towns will be better off conserving forest land for the purpose of reducing property taxes. It simply shows that the common perception that growth will lower taxes is usually wrong. Source: RSG et al Study.
12. The current Northern Forest area ad valorem property tax system for land and residential property results is a regressive tax structure (where the ability to pay property taxes has little bearing on taxes levied). Source: RSG et al Study.
13. Other countries have property tax/local revenue raising systems which are fundamentally different from the system in the Northern Forest states and the U.S. These systems also recognize that open space land in agricultural or forest production cannot generate income to allow owners to pay excessive taxes if the intention is to keep the land in those current open space uses. Source: RSG et al Study.

### Current Use Programs

14. Given the existing tax structure, current use programs are particularly important to the continued viability of the working landscape for two reasons: property taxes based on fair market value often represent such a high percentage of annual income from the land that rational owners would make alternate investments and not keep the land in natural resource use; and, because most other states in the U.S. have preferential taxation programs, forest landowners and the forest industry in the Northern Forest states would not be competitive without similar treatment. Source: RSG et al Study.
15. Current use programs are often viewed as subsidies, but in fact, they are public policies designed to provide equity for owners of open space in a property tax system which has become inequitable over the past two decades. Source: RSG et al Study.
16. The political instability of the current use programs in the Northern Forest states undermines the long-term conservation of forest land. In order to make forest management an attractive alternative to current and future owners, long-term stability in public policy is essential. Source: RSG et al Study.
17. Current use property tax programs have worked to maintain annual taxes at levels that permit long-term timber management in the Northern Forest. Although they are not able to ensure long-term management and ownership, these programs are a safety net that allows such activity to continue in the region where landowners desire to manage land in productive natural resource uses. Source: Canham et al Study.

18. There have been very few historical studies designed to determine the effectiveness of current use programs, i.e., to determine whether current use programs are effective in discouraging conversions and subdivision of land enrolled in these programs. Based on the results from the studies which are available, the current use programs of the Northern Forest states are, in fact, successful in these goals. These historical studies (done primarily on farm land) have shown that a very small percentage of owners' lands (1-2%) depend on these programs to maintain their current ownership. Based on a recent current use landowner survey in the Northern Forest region, over 12% of the enrolled parcels (this represents 1,146,000 acres) would be at risk of subdivision and conversion in the near future were it not for the availability of these programs. **Source: RSG et al Study**
  
19. Minimum eligible parcel size for current use in the Northern Forest states ranges between 10 acres in Maine and New Hampshire to 25 acres in Vermont and 50 acres in New York. Some states outside the region require parcels to be larger (50 to 80 acres) for eligibility in forest land taxation programs and set up separate "open space" programs for smaller parcels. These states recognize differences in the public benefits received from different size parcels and differences in the costs of securing those benefits. They tailor eligibility and management requirements and penalties to suit the different program objectives and land characteristics. The management requirements of these programs vary and they may or may not have an effect on whether owners enroll in these programs. **Source: RSG et al Study.**
  
20. If the break-even period for current use programs (the number of years a parcel must be enrolled before the accumulated tax savings plus interest equal the conversion penalty) is short, owners may use the program as a means of saving money before converting the property and the program may actually make any conversion of use more profitable. If the break-even period is long, it may discourage people from enrolling their land, and, without the tax reduction, the land would be more likely to be converted to another use sooner. More than ten years is considered a long period for this purpose. **Source: RSG et al Study.**
  
21. Given market forces, the decision of current use landowners to convert enrolled land to non-forestry uses is, at least in part, dependent on the penalties within the programs designed to discourage conversion. Some programs within and outside the Northern Forest region offer greater penalties, and thus deterrents to conversion, than others. **Source: RSG et al Study.**
  
22. The strength of current use programs is their ability to help landowners interested in maintaining their land in forestry uses by allowing owners to pay a reasonable tax commensurate with potential returns from the land as forest. (New York's program is different because it bases exemptions not on the ability of the land to produce income but on a percentage of market value.) Without current use programs, landowners who are able to keep their land in forestry use are those who can afford to do so due to another income source and other ownership objectives, or those who are looking to eventually convert their land for the income it would generate. **Source: RSG et al Study.**
  
23. Current use programs in three of the four Northern Forest states have forest management requirements as a condition of enrollment and participation (Maine, New York, and Vermont). New Hampshire's program has a strong incentive to encourage forest management, but not a requirement. **Source: RSG et al Study.**



## Enrollments

24. The Northern Forest region of the states of Maine, New Hampshire, New York and Vermont collectively have 11,651,093 acres (45% of the Northern Forest 26 million-acre region) enrolled in the states' current use programs. An additional 767,126 acres are enrolled in New York's so-called "Fisher" program, which has been closed to additional enrollment since 1974. Maine has the greatest amount of acreage enrolled with over 10.5 million acres. New York's 480-a program represents the lowest amount of the four states, with 130,898 acres enrolled. Source: RSG et al Study.
25. Forest land parcels enrolled in current use programs range in size from 10 acres to over 30,000 acres. For the Northern Forest region as a whole, enrolled parcels average about 700 acres. Average parcel sizes vary across the region: incorporated townships of Maine - 333 acres; unincorporated townships of Maine - 3,018 acres; incorporated townships of New Hampshire - 359 acres; New York - 213 acres; and Vermont - 173 acres. Source: RSG et al Study.

## Problems

26. Most current use programs value forest land according to its potential to produce income from timber. Programs which base the valuation of enrolled land on a percentage of fair market value offer no assurance that the valuation will be supportable given timber income. Source: RSG et al Study.
27. Landowners and others involved with the administration of the programs in Maine and Vermont cite instability of the current use programs as a problem for the future success of the programs. Some key issues include:
- a. States in the region which have a current use program reimbursement fund to provide local communities with revenue not collected when lands are valued at current use, recently have underfunded these reimbursements, causing significant uncertainties and problems for communities and landowners.
  - b. In states in the region which have no formal reimbursement program (New Hampshire and New York), other problems exist due to the tax shift which results.
  - c. Current use programs in the Northern Forest region are often not administered consistently among individual communities. Problems which result from these inconsistencies, among others, include lack of fairness and lack of trust in the programs by landowners.
  - d. Given program design, it is often not possible to fulfill legislative goals for current use programs in the region. This leads to further instability, as opponents cite this lack of program goal fulfillment as a reason to change or eliminate the programs.
- Source: RSG et al Study.
28. There is a lack of appreciation and/or understanding by some public officials, assessors, and some non-current use property owners about the purpose and public benefits of these current use programs. Source: RSG et al Study.

### **Costs/Benefits**

**29. The costs and benefits of the Northern Forest states' current use programs can be categorized in a matrix which identifies costs and priced and non-priced benefits for both individuals and society:**

	<b>Costs</b>	<b>Benefits</b>	
<b>Individual</b>	<b>Administrative Costs</b> <b>Land Management Costs (ME, NY, VT)</b> <b>Yield Taxes (NY)</b> <b>Withdrawal Penalties</b> <b>Deferral of Development Rights</b>	<b>Property Tax Savings</b> <b>Higher Quality Timber</b> <b>Conservation of Soil, Water, and Wildlife Resources</b>	
<b>Society</b>	<b>Administrative Costs</b> <b>Tax Shift (Distributional Effects)</b>	<b>Priced Benefits:</b> <b>Yield Taxes (NY)</b> <b>Withdrawal Penalties</b> <b>Higher Quality Timber</b> <b>LandMngt. Expenditures</b>	<b>Non-priced Benefits:</b> <b>Public Access</b> <b>Reduced Fragmentation</b> <b>Avoid. of Municipal Costs</b> <b>Conservation of Soil, Water and Wildlife Resources</b> <b>Availability of Timber in Economy</b>

**Source: RSG et al Study.**

**30. For the Northern Forest region, certain societal priced benefits of the current use programs are substantial. As required by these programs (Maine, New York, and Vermont), forest management occurs where it otherwise might not if landowners were not required to develop and implement a management plan on enrolled forest acres. This results in improved quality of timber, the value of which can be calculated. From a survey of current use landowners across the region, a subset of owners falls in this category. Among just these owners, the Net Present Value of Forestry Benefits is estimated to be at least \$ 46,000,000. (The Net Present Value of Forestry Benefits calculates the forestry benefits derived from improvements in quality and value of growing stock timber, which results from increased forest management.) Public access is also required on some land (as a special election in the New Hampshire program) and encouraged on all others. Public access benefits are estimated to be \$ 900,000 annually based on the subset of lands that would not be left open for access had the current use programs not been available. This amount is exclusive of benefits derived as a result of hunting and fishing revenue.** Source: RSG et al Study

**31. Distributional costs of current use programs are outlined below for the Northern Forest region:**

Distributional Costs for States and Regions	Current Use Acreage	Tax Shift	Tax Shift per Acre	Tax Shift Borne Locally	Tax Shift Borne Directly by State
Maine, incorporated (1991)	2,948,169	\$ 3,386,798	\$ 1.15	\$ 1,527,446	\$ 1,859,352
Maine, incorporated (1991) if fully funded	2,948,169	\$ 3,386,798	\$ 1.15	\$ 338,680	\$ 3,048,118
Maine, unincorporated (1992)	7,629,047	\$ 1,422,834	\$ 0.19	\$ 1,422,834	\$ 0
New Hampshire, incorporated (1991)	481,873	\$ 2,266,912	\$ 4.70	\$ 2,266,912	\$ 0
New Hampshire, unincorporated	199,656	\$ 47,218	\$ 0.24	\$ 47,218	\$ 0
New York (1991)	124,711	\$ 453,864	\$ 3.64	\$ 453,864	\$ 0
Vermont (1992)	461,107	\$ 2,152,858	\$ 4.67	\$ 0	\$ 2,152,858
Vermont (1992) if fully funded	461,107	\$ 2,795,920	\$ 6.06	\$ 0	\$ 2,795,920
<b>Totals</b>	<b>11,844,563</b>	<b>\$12,526,404</b>			

**Note:** This table does not include “Fisher Act” lands in New York (767,126 acres). This program is no longer available for landowners to enter and the tax shift is not easily quantifiable, though it exists.

**Source:** RSG et al Study.

32. Several studies indicate that about one third of the ad valorem taxes paid on open land must be used to pay for services required by that land; the remaining two-thirds goes into the general fund to offset costs of government which are not directly attributable to the demands of the land. These studies have been criticized because they are based on assumptions with which certain people disagree and because in the United States we do not have a “pay as you go” system of taxation where the taxes are paid by only those who would benefit from the services. However, contrary to some popular opinion, few people dispute the basic pattern which is shown: open land pays more in taxes than it costs the town to service. Residences, in contrast, pay less in taxes than they cost the town to service. Source: RSG et al Study.
33. According to a survey of current use landowners in the Northern Forest region, public use of private lands for recreation is allowed on 70 % of the enrolled parcels, or about 90 % of the enrolled acreage. Across the region, landowners of 8 % of the enrolled parcels, or approximately 650,000 acres, would not have allowed this recreational use without the benefits of the current use programs. Public use of private lands for recreation varies across the region due to social custom and tax burden. Source: RSG et al Study.
34. New Hampshire’s current use program provides an incentive for landowners to allow public recreational access to enrolled land. This incentive—20 % further reduction in current use valuation—appears to be highly successful because many owners have enrolled in this option. Source: RSG et al Study.
35. A forest taxation program can encourage land conservation but it cannot prevent conversion. Because it only applies to land which is enrolled, these programs may not encourage the conservation of the land which is most important to protect from conversion. Source: RSG et al Study.
36. Current use programs elsewhere in the U.S., where the tax benefits are linked to strict current use zoning (California), appear to be the most effective in discouraging conversion. However, the zoning requirements (rather than the tax program) are mostly responsible. Source: RSG et al Study.

#### Sources:

The “RSG et al Study” refers to the “Forest Property Taxation Programs: A Report to the Northern Forest Lands Council,” conducted under contract by Resource Systems Group, Inc. of Norwich, Vermont; Ad-Hoc Associates of Salisbury, Vermont; and Professor Douglas Morris, Durham, New Hampshire.

The “Canham et al Study” refers to a white paper entitled “Property Taxes and the Economics of Timberland Management in the Northern Forest Lands Region,” which was produced by Dr. Hugh O. Canham of the State University of New York at Syracuse, New York, with cooperation from: Dr. David Field, University of Maine at Orono; Dr. Theodore Howard, University of New Hampshire at Durham; Dr. Jack Lindsey, University of Vermont at Burlington; and Dr. Paulak, USDA Forest Service, Burlington, Vermont.

The “Sewall Study” was part of the Land Conversion Subcommittee’s work. See that section for details.

## Recreation and Tourism

Sustainable, outdoor, forest-based recreation and tourism are traditional uses of the Northern Forest. For well over a century, the forests have offered a place to camp, canoe, fish, hike, hunt, read, and a sightsee. More recently, the forests have offered skiing, snowmobiling, and mountain biking. Throughout the four-state region, these and other activities have contributed to the quality of life for residents and visitors alike. Each state has developed its own tradition, however, for how these activities are pursued and access is managed.

The Council seeks to maintain and enhance forest-based recreation and tourism activities in the Northern Forest. To this end, the Council investigated two primary issues. The first is identifying the opportunities for and barriers to retaining and enhancing recreation and tourism. The second is exploration of the compatibility and inter-relationships among forest-based recreation and tourism, the forest products industry, and forest land conservation. A single contractor completed both investigations. The following findings draw from these studies and from extensive input by some of the region's recreation and tourism planners and practitioners.

### Existing Situation

1. Forest-based recreation and tourism are inextricably linked to the region's natural resources. The mountains, trails, rivers, streams, lakes, wildlife, open space, and scenic vistas serve as very strong attractions to the region. Source: Subcommittee investigations.
2. In general, the Northern Forest states are similar as destinations for travel. They draw heavily on the same geographic markets for recreation and tourism. Source: Brown Study, part 1.
3. There are also notable differences between the Northern Forest states, which include fees for public use of private land for recreation, costs of owning and managing land, attractions, availability of capital, and dissemination of information to visitors and markets. Source: Brown Study, part 1.

### Northeastern Market Trends

4. In 1988, domestic travelers made 35.9 million trips of 100 miles or more from home to or from New England. Tourists spent over \$16 billion, which generated \$750 million in state and local tax receipts and the equivalent of 250,000 jobs. Foreign travel (3% of total travel revenues in New England) represents a growing segment of the travel market, increasing at nearly double the national rate. Source: Brown Study, part 1.
5. "Spur of the moment" travel decisions are highly influenced by the weather in a person's immediate vicinity (i.e., outside his/her window). It is less influenced by the weather in the desired destination. Source: Recreation/Tourism Work Group.

6. Hunting, fishing, boating, trapping, hiking, canoeing, and active winter recreation travel will continue to have their niches in the travel market. Participation in hunting and trapping will like decline because of increased average age, more urbanized lifestyles, and changing cultural backgrounds. Source: Brown Study, part 1.

### National Market Trends

7. The majority of Americans (upwards of 90%) participate in some form of outdoor recreation. While economic and social factors (leisure time, etc.) do not strongly influence whether Americans participate in outdoor recreation and tourism, these factors do influence where they participate, what they do, the length of their trips, and the type of equipment they use. Source: Brown Study, part 1.
8. National recreation and tourism trends are toward fewer vacations of two weeks or longer, and more frequent day-trip excursions and shorter trips. (52% of all 1992 trips were one to three days.) Thus, total trips taken continue to increase and average trip distance decreases. Other important trends are as follows:
- a. Increases in demand for package tours.
  - b. Increases in trips by auto, truck, and recreation vehicle.
  - c. Increases in combining business and personal travel, including taking children on such trips.
  - d. Increases in tourist interest in gambling.
  - e. Declines in American travel to Canada (which Ontario is attempting to counter via legalization of gambling).
  - f. Continued increases in annual visits to national parks.
  - g. Increases in interest in ecotourism and being educated during trips.
- Source: Brown Study, part 1.
9. Activities projected to have the greatest growth rates through 2040 are downhill and cross-country skiing, day hiking, pool swimming, backpacking, visiting prehistoric sites, and running/jogging. Source: Brown Study, part 1.
10. There is increasing tourist interest in understanding the history, current attractions, and traditional industries of local communities. Source: Brown Study, part 1.

## **Public Use of Private Lands for Recreation**

- 11. Nationally, leasing land for recreational use is increasing. Reasons for the increase are demand for quality hunting experience, reduction in land available to the public, loss of wildlife quality open lands, and interest of landowners in income to offset property taxes, income taxes, and land management costs.**Source: Myers Study, RSG et al Study.
- 12. Exclusive leasing is a tradition in New York. Landowners find it important economically, allowing for continued ownership. The leases represent a limited public use of private lands for those lessees.**Source: Subcommittee investigations.
- 13. The public has concerns about public use of private lands for recreation. These concerns differ across the region.**Source: Brown report, part 1.
- 14. Leading reasons why landowners post some or all of their property are as follows: income generation, liability concerns, abuse of property, and damage to property (dumping, timber theft).**Source: Brown report, part 1.
- 15. There is a correlation between smaller parcel sizes and increased restricting of public use of private lands for recreation. Also, the nearer the residence to the parcel in question, the more likely the parcel was to be posted.**Source: Brown Study, part 1.
- 16. Small lot parcelization and conversion of forest land often runs counter to open space recreation and tourism needs.**
  - a. Small lot parcelization and conversion increases the number of landowners and decreases sizes of parcels/ownerships.**
  - b. Smaller ownerships are more likely to be posted to limit public use of private land for recreation.**
  - c. Lands with high amenity values are important to recreation and tourism, as well as development. This makes it more difficult to maintain these lands as open space.**Source: Brown Study, part 1, Subcommittee investigations.
- 17. Providing current landowners with compensation for public use of their lands could help to reduce economic pressure to sell or convert land, and therefore enhance opportunities for recreation and tourism. Compensation needs to be flexible.**Source: Sewall Study.
- 18. All four states have limited liability recreation use statutes, with which landowners are generally unfamiliar. Despite immunity against judgment within the statutes, it is necessary for landowners to defend themselves in case of suit.**Source: Brown Study, part 1.

- 19. Communication and cooperation between landowners and land users is essential to meet recreation and tourism goals. There is a need for better sharing of information and discussion of issues concerning the compatibility between recreation and tourism, and the wood products industry. There is a specific need for land users to better understand the costs of owning and managing land to facilitate safe, public use of private lands. Good examples of effective communications are found in North Maine Woods Inc. (a cooperative of large forest landowners in northern Maine), the Maine Snowmobile Association, the New Hampshire Snowmobile Association, the Vermont Association of Snow Travelers, and the New York Snowmobile Owners Association.**Source: Recreation/Tourism Work Group.

### **Funding for Public and Private Facilities and Land**

- 20. Capital and financial assistance are difficult for outdoor, forest-based recreation and tourism providers to obtain.**
- a. Operating capital is more important to recreation and tourism businesses than many other industries.**
  - b. There is a lack of credible market information for business planning.**
  - c. There is a lack of reliable information for local decision-makers about community economic benefit from recreation and tourism. Information that is available is not disseminated well.**

Source: Recreation/Tourism Work Group.

- 21. In general, federal and state budgets for park and recreation facilities have been cut substantially in recent years. In New Hampshire and Vermont, the state parks system is operated solely on facility fees and is free from general fund budgeting. Maintenance of buildings, comfort facilities and trails in public parks and forests is often lacking. Poor upkeep and maintenance of facilities affects one's recreational experience.**Source: Recreation/Tourism Work Group.

- 22. Land acquisition funds have diminished as a result of decreases in appropriations to the state side of the Land and Water Conservation Fund.**Source: Myers Study.

### **Education and Information**

- 23. There is a lack of information about the following, which discourages the enhancement of recreation and tourism opportunities in the Northern Forest.**
- a. Forest land ownership and management (costs, objectives, renewable nature of forest) among land users, recreation and tourism providers, and the public.**
  - b. Appropriate user behavior on private and public lands among land users, recreation and tourism providers, and the public.**
  - c. Landowner liability laws among landowners, land users, and state legislators.**
  - d. The economic importance of recreation and tourism for the region among bankers, local officials, state legislators, government agencies (state and federal), and the public.**
  - e. Regulatory and permitting processes among recreation and tourism providers.**
  - f. Existing recreation and tourism opportunities among visitors to the region.**



- g. Demand for forest-based recreation, such as participation rates, changes in activity mixes, and user profiles and attitudes.

Source: Recreation/Tourism Work Group.

24. A diversified economy is a strong economy. It is more likely to supply local products and services needed by a business or household. Recreation and tourism are important activities for economic diversification. Source: Brown Study, part 1.

**Sources:**

The “Brown Study, part 1” refers to a literature review and analysis entitled **Outdoor Recreation and Tourism Studies Applied to the Northern Forest Lands: Literature Review and Analysis** conducted under contract for the Council in 1993 by Tommy L. Brown of Cornell University, Ithaca, New York.

The “Myers Study” was produced under the work of the Conservation Strategies Subcommittee of the Council. See that subcommittee section for details.

The “RSG et al Study” was produced under the work of the Property Taxes Subcommittee of the Council. See that subcommittee section for details.

The “Sewall Study” was produced under the work of the Land Conversion Subcommittee of the Council. See that subcommittee section for details.



## State and Federal Taxes

State and federal tax policy in the United States affects the life of every person in this country. Compared to most countries, the federal and state tax codes are very complex, with exemptions, deductions, variable rates and terms, and a host of other technical approaches to address the many needs of a large and complex society such as ours. As a result of this complexity, changes in one portion of the tax code often affect other areas, and not always in ways envisioned or anticipated.

This tax law premise also holds true for the relationship between the federal code and state codes. Most state tax systems are heavily based on federal tax law. When changes are made on the federal level in tax code, many times the states follow suit, or have built in mechanisms, to change the state tax law accordingly. This is not necessarily true for every tax area at the state level, most notably corporate tax law, excise taxes, and fees. It is, however, an important concept to keep in mind.

Though some tax experts would argue a tax system should be for the sole purpose of raising revenue, tax policy in the Northern Forest states and at the federal level is also designed to affect citizen decision making—in practically every sector of society and for a myriad of reasons. This approach to affecting private decision making is broad brush. It inevitably results in reaching some people whose decisions the policy is designed to affect, but many times it only affects a subset of the targeted population. Even for those individuals and entities it ultimately affects, the results are often not trackable, quantifiable or provable. This is simply the nature of broad incentives and deterrents in tax policy.

An example of this phenomenon is when individual income tax rates are lowered to put more money in the pockets of individuals with the desired result of increasing private spending to stimulate the economy (the so-called trickle down effect). Even if the economy improves following this tax code change, it is nearly impossible to prove cause and effect which shows that the improved economy resulted from the code change though, from common sense, most people can probably agree it is a likely factor. This broad brush nature of tax policy also impacts timberland owners and their decision making.

The Northern Forest Lands Study and Report of the Governors' Task Force on Northern Forest Lands both cited tax policy at the state and federal level as pervasive in affecting landowner and potential landowner decisions on whether to own land, and how to manage forest land. The Land Conversion Subcommittee of the Council (see Land Conversion section) found that the most important factor driving forest land sales in the region, and more importantly land conversion, is lack of a suitable return on the investment in forest land. Tax policy at the state and federal, like the subcommittee related, is one component of the mix of costs contributing to this phenomenon. The Land Conversion Subcommittee also discussed the importance of estate tax policy in landowners' decisions as well as the second home mortgage deduction currently provided in the federal code. The need to include these policies in the Council discussions is clear.

The review of federal tax law by the State and Federal Taxes Subcommittee has been comprehensive. An early paper produced under contract for the Council by forest economist

Theodore Howard set the stage for a more intensive review of the entire federal tax code and its effects on the private timberland owners of the region, through a paper authored by H.D. Hildoff, a tax attorney. A final paper on the environmental and societal benefits of certain federal tax ~~and~~ ~~and~~ and changes was produced by The DeCoster Group.

Due to the intertwined nature of the state and federal tax codes, and lack of sufficient time and resources, the subcommittee did not address many state tax code policies, except for those clearly piggy-backed on the federal code. An exception is property tax policy, which is addressed by the Property Taxes Subcommittee and found elsewhere in this document.

The following findings are synthesized from these reports and other subcommittee investigations.

1. Changes in federal tax laws under the 1986 tax reform act impacted the ability of many forest landowners in the Northern Forest to manage, own, and conserve their lands for the long term. Source: Howard Paper panel, Sewall Study, Urbach, Kahn & Werlin Study.
2. Current federal tax policy discourages the ownership of and investment in forest land in the Northern Forest for conservation purposes. Federal tax policy is overly complex, reduces the rate of return on investment in forest land relative to other investments, and creates tax burdens which negatively affect the ability and interest of landowners to manage their forest holdings for the long term. The areas of greatest concern are: passive losses, cost recovery, estate and gift taxes, the Alternative Minimum Tax, and property disposition ~~is~~ (capital gains treatment of timber). Source: Sewall Study, Northern Forest Lands Study interviews, Howard Paper panel.
3. Family ownerships in the Northern Forest are particularly affected by current federal tax policy under the estate and gift tax sections. The estate tax burden imposed on an illiquid asset, and the very short time frame in which these taxes are due to the Treasury, encourage ~~the~~ ~~of~~ realization and conversion of forest land to non-forest uses. This is caused, in large part, by the Internal Revenue Service's "highest and best use" methodology for valuing property, which results in excessive valuation and tax burden. This policy is one of the greatest direct tax policy disincentives to long-term family land conservation. Source: Sewall study; Howard Paper panel, Urbach, Kahn & Werlin Study, Subcommittee investigations.
4. The Alternative Minimum Tax negates many land conservation benefits which are provided under the section of the tax code that encourages donations of land and interest in land to charity and to conservation non-profit organizations. (Note: This tax policy issue was addressed in the Clinton tax package as passed by the Congress in 1993). Source: Howard Paper panel, Urbach, Kahn & Werlin Study.
5. Federal tax policy has the potential to provide an incentive for people and companies to invest in and conserve forest land. Source: Urbach, Kahn & Werlin Study.
6. Federal tax rules designed to encourage long-term forest stewardship often have the very opposite effect and discourage these stewardship objectives because the rules are confusing and difficult to use. Source: DeCoster Group Paper.
7. Based on research documenting how people make decisions, tax policy simplification and time savings should be as important as economic rewards in influencing landowner behavior. Source: DeCoster Group Paper.

8. Forest landowners are people; even with corporate and organizational land ownership, the deciding agents are people. People are more likely to take advantage of tax law incentives if they are profitable, simpler, quicker, and more satisfying than taking advantage of the alternative. Source: DeCoster Group Paper.
9. Landowners in the Northern Forest—small, non-industrial private; large, non-industrial private; U.S. corporate; and multi-national corporate—are affected by federal tax policy in different ways. The Northern Forest Lands Council recognizes these differences in identifying the tax policy changes which will yield the greatest land conservation benefit. For forest tax policy, it is important to remember the differences among landowner types and priorities:
- Small non-industrial owners tend to put personal amenities first but can be excellent wildlife stewards and wood producers if they choose.
  - Large non-industrial owners tend to hold land for income but can have wildlife and other priorities first.
  - Corporations and industrial owners generally hold land for wood and income but can provide amenity and wildlife values when social or other incentives are positive.
  - Conservation groups hold land for various conservation purposes, but are subject to economic pressures as are all categories of landowners.
- Source: DeCoster Group Paper, Urbach, Kahn & Werlin Study.
10. Tax policy, if properly designed, can successfully encourage a desired action if: it is attached to familiar positive patterns; it is simple, brief, and direct (as presented in tax rules); it ~~relates~~ <sup>updates</sup> status quo (which people like) yet is seen as a new benefit; it allows for choices. A good example of a relatively new tax policy that follows these simple rules and which has resulted in the intended decision making by a significant tax payer population is the Individual Retirement Account. Source: DeCoster Group Paper.
11. Based on national surveys, the general public prefers forests over development and would likely respond to tax policy incentives which encourage forest conservation. Source: DeCoster Group Paper.

**Sources:**

The “Howard Paper panel” refers to the results from an expert panel held April 14, 1992 in Watertown, New York, which critiqued a white paper produced for the Council on federal taxation policy affecting private forest landowners by Dr. Theodore Howard, University of New Hampshire at Durham.

The “Sewall Study” was produced under the work of the Land Conversion Subcommittee of the Council. See that subcommittee section for details.

The “Urbach, Kahn & Werlin Study” refers to a research project conducted under contract for the Council in 1993 on the effects of federal taxation policy on private forest landowners written by Harold Dubroff, a tax attorney with that firm and a Professor of Law at the Albany Law School in Albany, New York.

The “DeCoster Group Paper” refers to a report conducted under contract by the Reston, Virginia firm The DeCoster Group for the Council in 1993 on the environmental and societal benefits of certain federal tax policies affecting private timberland owners.

The “Northern Forest Lands Study interviews” refers to selected major landowner interviews done in the Northern Forest region by Stephen Harper in completing the Northern Forest Lands Study.

In Maine, the 790,000 acres were not deemed marketable as a single unit and were sold piecemeal. Some of the larger sales included the following: in 1988, 230,000 acres to Fraser Paper Company and 9,400 acres to The Nature Conservancy (later resold to the U.S. Fish and Wildlife Service for a refuge), and; in 1989, 40,000 acres to the State of Maine. Other properties have been sold. In 1993, James River Corporation acquired the remaining interest in the balance of the lands retained by CGE.

Many subsequent re-sales resulted from the public concern over the eventual fate of the lands. In 1988, the State of New York purchased 15,000 acres and a conservation easement on 40,000 acres of the Lassiter ownership for \$10.4 million. In late 1988, with the help of the Society for the Protection of New Hampshire Forests and The Nature Conservancy, the State of New Hampshire eventually purchased about 40,000 acres (the so-called Nash Stream tract) from Rancourt. The federal government purchased an additional 5,000 acres of in-holdings within the White Mountain National Forest and a conservation easement on the State of New Hampshire's Nash Stream parcel. The State of Vermont purchased approximately 9,000 acres. The remaining acres were put up for auction in September 1988, with approximately 12,500 acres reportedly sold in many tracts.

It is important to note that both Lassiter Properties and Rancourt Associates went bankrupt after the purchase and re-sale of these lands.

The final disposition of these lands (as of 1992) indicates that approximately 707,000 acres are held by forest industry, 62,000 acres are owned by private investors, 34,000 acres are owned by private individuals, and 160,000 acres are owned by government (with at least partial or less-than-interest). The remaining 7,000 acres have been developed to some degree. Some lands owned by private investors and individuals also may have been developed, but only to a very small degree.

## Northern Forest Chronology

The sale of the Diamond lands raised public concern for several reasons:

- (1) Concern for the break-up of large private ownerships and the subsequent loss of these lands as forest land, which fuel the largely forest-based economy of the region; and
- (2) Concern for the potential loss of the lands as traditional open space for the public to hunt, fish, and recreate on.

In 1988, Congress acted on these public concerns by setting up the Northern Forest Lands Study, to be accomplished by the USDA Forest Service with the help of the Governors' Task Force on Northern Forest Lands. The governors of Maine, New Hampshire, New York, and Vermont appointed three people from each of their states to serve on the Governors' Task Force.

Congress asked the Forest Service, with the Governors' Task Force, to assess the current land ownership situation and the historical patterns of ownership, to identify the threats to this ~~shiper~~ situation, and to come up with a series of strategies—not recommendations—from which the states and Congress might draw if they decided to move forward on any action to address the threats to these lands.

Senators Patrick Leahy and Warren Rudman, from Vermont and New Hampshire respectively, further articulated the purpose of the Study when they wrote to the Chief of the Forest Service in October of 1988: "The current land ownership and management patterns have served the people and

forests of the region well. We are seeking reinforcement rather than replacement of the patterns of ownership and use that have characterized these lands.”

The Forest Service and the Governors’ Task Force on Northern Forest Lands spent over a year and a half gathering information, hearing the views of various public on the issue, and coming out with a rather lengthy report in May 1990. The Congress did not ask the Forest Service to recommend anything, but instead to simply list a series of potential strategies for dealing with the threat to the Northern Forest. The Governors’ Task Force, however, went one step further and published its own report at the same time.

The Study listed 28 potential strategies for dealing with the threat to these lands, ranging from changing capital gains treatment of timber and estate tax policy to government acquisition of affected timberlands in fee or less-than-fee interests.

The Governors’ Task Force report drew on the work of the Study, articulating to the Congress and state governors a series of recommendations. The most significant was to continue the process begun by the Study, because many of the recommendations needed more work before they would be ready for consideration as changes to public policy affecting these lands.

In this light, the Governors’ Task Force recommended the creation of a four-state advisory, non-regulatory/non-acquisition body, the Northern Forest Lands Council, to continue the work begun by the Study. The Congress and governors agreed. In the fall of 1990, the Congress added language to the Forestry Title of the 1990 Farm Bill to continue the process begun by the Study in 1988. The Congress also funded the Council, a non-profit organization, and related research and inventory work at \$1.075 million for the federal fiscal year beginning October 1, 1990.

The governors of the four states each appointed four members to the Council, one each representing landowners, the state conservation agency, local interests, and the environmental community. A seventeenth member represented the USDA Forest Service.

The Council met for the first time in June 1991 in Concord, N.H. They hired their staff, an executive director and administrative assistant, in May of 1991. (Later, in April 1992, a resource specialist was added to the staff.)

Parallel to the creation of the Council, the United States senators from the four states began working on a piece of legislation which, though not technically needed, would more fully clarify the charge of the Council and the related work through the states. Two hearings on the draft legislation Northern Forest Lands Act of 1991, were held in Vermont and Maine on July 15, 1991. The senators from Maine held another hearing on October 5. The senators received a great deal of input on the draft bill from people either opposed to the entire effort, or supporting the effort and the bill in form. They eventually decided in late 1991 to authorize the Council through the appropriations process, as it often does for limited term programs like this. The Northern Forest Lands Act of 1991 was never introduced in Congress.

The Council, in the meantime, began its work to gather more information about the issues affecting ownership of these lands and information on the lands themselves. For the latter, the state began the development of a Northern Forest Resource Inventory project, compiling both natural and economic information. The inventory was accomplished by the states under the coordination of the Council. Research on the issues occurred through a series of contracted research projects.



The Council released its Interim Status Report in February 1993; Findings and Options in September 1993; and its draft recommendations, Finding Common Ground, in March 1994. This report, Finding Common Ground: Conserving the Northern Forest, was released in September 1994.

#### Sequence of Events

- 1980s - Economic boom and extension of the highway system result in the development of many vacation homes and rising land values in the Northern Forest.
- 1983 - Sir James Goldsmith purchases Diamond International Corporation in a hostile takeover.
- 1987 - Cie Generale Electricite (CGE), a French utility and communications firm, purchases most of the former Diamond assets, including all the land (976,000 acres in Maine, New Hampshire, New York, and Vermont).
- 1988 - CGE decides to sell the timberland. Some (186,000 acres) are purchased by developers in New Hampshire, New York, and Vermont. Some are purchased by forest products companies. Not all the lands are sold in this year, with approximately 500,000 acres still remaining in Maine.
- 1988 - Late in the year, the Northern Forest Lands Study is created by the Congress. Simultaneously, the governors of Maine, New Hampshire, New York, and Vermont appoint twelve individuals to the Governors' Task Force on Northern Forest Lands. The members represent the interests of each state, private landowners, and the environmental community. The charge of the Study and Task Force is to evaluate the changes occurring in the region.
- 1988 - In October, Senators Leahy and Rudman send the Chief of the Forest Service a letter clarifying the intent of the Study.
- 1989 - The USDA Forest Service collects data, conducts public hearings, and interviews landowners, including all the major forest products companies. Stephen Harper of the Forest Service leads the project.
- 1989 - The Governors' Task Force meets monthly to evaluate the progress and findings of the study with the Forest Service.
- 1989 - In October, the Forest Service releases the draft Northern Forest Lands Study for public review and comment.
- 1990 - In May, the final Northern Forest Lands Study and the Report of the Governors' Task Force are released.

The Northern Forest Lands Study finds that there is a significant threat to the traditional uses of the lands from subdivisions and increasing land values. The report also strongly supports timber harvesting and the "working forest" as a traditional and important land use. The report includes numerous potential strategies for protecting the lands, including tax laws, education, zoning, regulation, incentives, conservation easements, land use planning, greenlining and acquisition.

The Governors' Task Force report evaluates all the strategies in the Northern Forest Lands Study, identifies those most appropriate for the region, and recommends an Action Plan. At the state level, the Task Force recommends the creation of a Northern Forest Lands Council, changes in tax laws, modifications to liability laws, and state acquisition in fee or

less-than-free interests of the most critical lands threatened with conversion. At the federal level, the Task Force recommends funding, technical support, and restoration of equitable capital gains taxes. The Action Plan calls for:

- The establishment of a Northern Forest Lands Council to continue the work of the Governors' Task Force for an additional four years to further research the issues and develop specific policy recommendations.
- Federal matching grants to support research projects.
- Federal grants through the Land and Water Conservation Fund for the states to acquire lands or easements on high priority lands threatened with uses incompatible with the objectives of the Northern Forest Lands Study.
- Additional financial incentives—including economic development grants, tax law changes, and liability law changes—to keep lands open and productive.

- 1990 - The Farm Bill authorizes continuing the Northern Forest Lands Study and funds are appropriated through the USDA Forest Service-State and Private Forestry to the Northern Forest Lands Council and the four states.
- 1990 - As a completely separate program, the Farm Bill authorizes the Forest Legacy Program, allowing the federal government to purchase conservation easements. The legislation directs that a pilot program be established in the Northern Forest.
- 1990 - On December 14, the Governors' Task Force meets to begin organizing the Northern Forest Lands Council.
- 1991 - From January through March, the Northern Forest Lands Council meets to hire an executive director and to set up an office.
- 1991 - In May, an executive director and administrative assistant are hired as Council staff. (Later, in April 1992, a resource specialist is added to the staff.)
- 1991 - In June, the Council meets for the first time in Concord, NH. Bi-monthly meetings begin.
- 1991 - In May, the draft Northern Forest Lands Act of 1991 is released by senators from the four states.
- 1991 - In July, Congressional hearings are held in Maine and Vermont on the Northern Forest Lands Act of 1991, a draft bill designed to give multi-year authorization to the Council. Another hearing is held in Maine in October.
- 1991 - On October 5, Maine's senators hold another hearing on the Northern Forest Lands issue, including the draft Act.
- 1991 - In October, Congress approves continued funding for the Council and related work for fiscal year 1992 (beginning October 1991).
- 1991 - On October 23, the Council meets in Bangor, Maine, and adopts a Mission Statement and Operating Principles and lays out major issue areas in a Work Plan.
- 1991-1992 - The Council organizes subcommittees and citizen advisory committees in each state, hires research contractors, and holds public meetings. Information gathering is the focus of the Council's work.

- 1993 - In February, the Council releases an Interim Status Report after receiving public input on a draft.**
- 1993 - Over the summer, the Council drafts a series of findings from its extensive research and reviews them with the state citizen advisory committees and the public.**
- 1993 - In September, the Council releases its Findings and Options and seeks public comment on the best approach for its recommendations.**
- 1993 - In November and December, the Council meets to develop its draft recommendations.**
- 1994 - In February, the Council releases its Technical Appendix , a compilation of all its research and forum proceedings.**
- 1994 - In March, the Council releases Finding Common Ground, its draft recommendations report, and begins over two months of meeting with the public for their comments.**
- 1994 In March, April, and May, the Council holds twenty listening sessions and twelve open houses to hear public comment on the draft recommendations. Over 800 people speak at these public meetings and another 800 submit written testimony.**
- 1994 - In September, the Council releases Finding Common Ground: Conserving the Northern Forest, its final recommendations report, to Congress, governors, state and local elected officials, and the public.**
- 1994 - In September, the Council disbands.**

## Northern Forest Lands Council Finding Common Ground

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**Exceptional lands:** Such lands include places offering outstanding recreational opportunities including hunting, fishing, trapping, hiking, camping, and other forms of back-country recreation; recreational access to river and lake shorelines; land supporting vital ecological or conservation functions and values; habitats for, threatened, or endangered natural communities, plants, or wildlife; areas of outstanding scenic value and significant geological features; and working private forest lands of significance or threatened by conversion.

**Fair market value:** The highest price that a property will bring in a competitive and open market, allowing a reasonable time to find a purchaser who buys the property with knowledge of all the uses for which it is capable of being used.

**Fee interest acquisition:** The acquisition of full ownership of property, including all rights to own and manage it. By contrast, "less-than-fee" acquisition means acquisition of only certain rights in a property, for example, a conservation easement.

**Forest:** An area of land with trees and other vegetation, as well as other biota growing on it.

**Forester:** One who is trained in the science and art of practicing forestry. In some states, these individuals are licensed to practice the profession.

**Forestry:** The practice of growing and managing trees and forests for an array of public and private benefits and values.

**Forest management:** Manipulation of the forest to achieve certain objectives, such as timber production, wildlife habitat enhancement, maintaining forest health, or conserving biodiversity. Techniques of active forest management include, for example, harvesting, planting, engaging in pest and weed control to promote certain types of forest communities.

**Fragmentation:** The division of land ownerships into smaller parcels (parcelized).

**Governors' Task Force on Northern Forest Lands:** Set up in 1988 by the Governors of Maine, New Hampshire, New York, and Vermont to work with the USDA Forest Service in carrying out the Northern Forest Lands Study.

**High amenity lands:** Lands possessing characteristics that make them more valuable for development such as waterfront, road access, and views.

**Highest and best use:** The most profitable use to which a property is adapted and that is likely in demand in the near future. The highest and best use gives property its greatest fair market value.

**Land and Water Conservation Fund:** A federally funded program that provides funds to state and local agencies for land conservation and public recreation projects.

**Long-term forest land ownership:** Ownership that bases forest management decisions on the potential of the forest's resources over many decades in the future, rather than making management decisions anticipating high sale for non-forest uses.

**Multiple use forest management:** The management of all the various forest resources, including timber and services, so that they are utilized in the combination that will best meet the needs of forest landowners and the public; making the most judicious use of the land for some or all of these resources or related services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions; use in which land will be used for less than all of the resources; and harmonious and coordinated management of all the various resources, each with the other, without impairment of the productivity of the land, with consideration being given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unity output. (Adapted from Sec 4(a) of the Multiple Use Sustained Yield Act of 1960.)

**Natural community:** Same as ecosystem. The complex of plants, animals, and physical environment (soil, water, atmosphere) that exists in a location or region. Ecosystems are usually grouped and classified according to their characteristic plants, animals, and environmental features.

**Northeastern Forest Alliance:** A cooperative of the state foresters in Maine, New Hampshire, New York, and Vermont, serving as an advisory group on forest, timber, and marketing issues.

**Northern Forest Lands Study:** The April 1990 report to the US Congress, prepared by the USDA Forest Service in cooperation with the Governors' Task Force on Northern Forest Lands, on the changes in land ownership and land use in the Northern Forest of Maine, New Hampshire, New York, and Vermont.

**Open space:** Land retained in non-development uses, including forest land, farmland, wetland, and other types of unbuilt landscapes.

**Parcelized** Describes land for which a single parcel of ownership has been divided into two or more parcels of ownership. (See fragmentation)

**Private values:** Features of privately-owned land resources that most landowners and the general public consider to be important, such as landowner rights for economic use of property and other private property rights, as well as enjoyment and use of property for recreation, wildlife habitat conservation, and the like.

**Public values (or public benefits):** Features of land resources that the general public considers important, including opportunities for outdoor recreation, wildlife habitat, clean water, and wilderness experiences. Also include economic values that evolve from the land, such as jobs and community income from timber harvesting, tourism, or similar activity.

**Public resources:** Those natural resources in which the general public has an ownership interest, in whole or in part, such as air, certain water bodies, and public lands.

**“Qualified forest lands” and conservation easements:** Those lands which have been identified through a state-based open space and public acquisition planning process, as outlined in the Federal and State Tax Policy recommendations.

**Sustainability** The use of resources today in such a way to allow for a full range of options for utilization by future generations.

**Sustainable forestry:** Forest management practices for which the outcome will be sustained yield.

**Sustained yield:** The achievement and maintenance in perpetuity of a regular periodic output of various renewable resources, amenities, and services from forest lands without degradation of the productivity of the land. (Derived from Multiple Use Sustained Yield Act of 1960.)

**Study area:** The 26 million-acre area of forest land in northern Maine, New Hampshire, New York, and Vermont as defined for study by the Northern Forest Lands Study under Congressional direction.

**Traditional forest land uses:** Those uses in the Northern Forest that have characterized the region in the past and present, including: an integrated mix of timber and forest products harvesting, low intensity outdoor recreation, sports camps, and limited, intensive recreational and residential development around core areas.

**Transfer tax:** A tax levied on the sale price of land when it changes hands.

**Unmanageable parcel:** A parcel of forest land so small in size that the cost of management for any resource, amenity, or service exceeds the reasonable return from the land over any reasonable period of time.

**Use value:** The value of land based on its ability to produce income in its present condition and economic use; for example, forest land use value reflects the land’s economic capability to produce forest products, not additional value for potential residential development.

**Willing seller:** One who freely enters into a transaction with another party, with the intent of exchanging an asset for something of equal or greater value, or in return for the fair market value of the asset. Willing implies the absence of coercion on the part of either party.

**Yield tax:** A tax levied on the value of forest harvest at the time of harvesting.



# **Northern Forest Lands Council** **Finding Common Ground**

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 Malcolm Hunter, University of Maine, ME  
 Fred Huntress, New England Forestry Foundation, ME  
 William Hutton, Howard, Rice and Nemerovski, Robertson and Falk, CA  
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 Dave Ziembec, Tug Hill Commission, NY  
 Rod Zwick, Lyndon State College, VT





## Appendix G

### Additional Ideas for Future Consideration

During its work, the Council identified many options it could have recommended for public policy change, but recognized that it could not include every good idea in its recommendation package. Therefore, it focused on those options with the greatest potential for long-term, positive impacts. Those options became the recommendations constituting the body of this report.

The winnowing process required some hard choices. Time constraints did not permit the Council to adequately examine some options. Others, while strongly supported by the public, did not gain the Council consensus required for inclusion. Several were not relevant to one or more states.

Listed below are options that the Council considers worthy of more study or increased educational effort by the states, universities, or some other local or state-based entity. They are recommendations.

The final section lists options related solely to data collection and information management that would assist the states in monitoring land use, economic, and other trends. Funding sources are not identified; however, improved communications and cooperation among current programs across the region could result in significant cost savings that would largely obviate the need for additional funds.

#### Options Needing Further Research

1. State agencies and universities should further examine the impact of various forest management practices on biological diversity, the economic return on forest land investment, and site productivity.
2. State agencies and universities should set up a framework to examine the predicted versus the actual performance of ecological reserves in maintaining biological resource diversity.
3. Universities and the business community should examine the potential impacts of changing Federal Accounting Standards Board rules to encourage long-term investment strategies over those that favor short-term gains.
4. Universities, state agencies, conservation groups, and landowners should examine the relative costs and benefits of term and rolling easements.
5. State and federal agencies should examine the potential conservation benefits and treasury impacts of extending the carry forward and carry backward provisions for income tax deduction of charitable donations and bargain sales of land or interest in land.
6. State and federal agencies should examine the potential for allowing donations of conservation property in lieu of state and/or federal taxes and identify the treasury impacts, the additional cost of management, and possible costs to municipalities.

## Appendix H

### Research Contractors to the Northern Forest Lands Council

#### Northern Forest Resource Inventory Coordination

Associates in Rural Development, Inc.

P.O. Box 1397

Burlington, VT 05402

Cost: \$29,177.49

**Project Description:** Working closely with the four Northern Forest states' Geographic Information System offices, the company facilitated the development of a consistent set of technical standards under which the states accomplished this project.

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#### Forest Conservation, Forest Recreation and Tourism, and the Forest Industry: Interrelationships and Compatibility

#### Outdoor Recreation and Tourism Studies Applied to the Northern Forest Lands: Literature Review and Analysis

Tommy Brown

c/o Department of Natural Resources

Cornell University

Fernow Hall

Ithaca, NY 14853

Cost: \$9,543.57

**Project Description:** Brown looked at recreation and tourism information for the four states and compiled how they help and hinder the Northern Forest.

**Appendix I**  
**Total Northern Forest Congressional Funding**

**Fiscal Years 1991 to 1994**

Activity / Fiscal Year <sup>1</sup>	1991	1992	1993	1994
Northern Forest Lands Council	\$ 200,000	\$ 246,850	\$ 250,000	\$ 250,000
Research <sup>2</sup>	\$ 0	\$ 139,670	\$ 30,000	\$ 135,000
State Planner Grants <sup>3</sup>	\$ 200,000	\$ 197,480	\$ 200,000	\$ 200,000
Northern Forest Resource Inventory <sup>4</sup>	\$ 500,000	\$ 650,000	\$ 650,000	\$ 410,000
USDA - FS Administrative	\$ 175,000	\$ 0	\$ 35,000	\$ 25,000
Total	\$ 1,075,000	\$ 1,234,000	\$ 1,165,000	\$ 1,020,000

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<sup>1</sup> Congressional appropriations from annual Interior and Related Agencies Appropriations bills are listed based on federal fiscal years (October 1 - September 30). All funds were provided to the Northern Forest Lands Council or states via grants from the State and Private branch of the USDA Forest Service.

<sup>2</sup> The research item reflects additional funds granted to the Northern Forest Lands Council for technical research and public outreach.

<sup>3</sup> Planner grants are divided equally among the four Northern Forest states to fund the Northern Forest state coordinator positions and public outreach assistance.

<sup>4</sup> Northern Forest Resource Inventory grants were provided directly to the states through a formula. See Appendix F for a detailed description of the Northern Forest Resource Inventory.

## Appendix J

### Land Ownership in the Northern Forest Region\*

Ownership / State	Maine	New Hampshire	New York	Vermont	Total
<b>Private Land</b>					
Industrial	7,700,000	500,000	1,200,000	300,000	9,700,000
Large Non-industrial	3,100,000	50,000	500,000	50,000	3,600,000
Other Private	3,400,000	350,000	3,100,000	1,550,000	8,400,000
Total Private	14,200,000	900,000	4,800,000	1,900,000	21,800,000
<b>Public Land</b>					
State	700,000	50,000	2,800,000	90,000	3,640,000
Federal	80,000	200,000	0	6,000	286,000
Total Public	780,000	250,000	2,800,000	96,000	3,926,000
<b>Total Area</b>	<b>14,980,000</b>	<b>1,150,000</b>	<b>7,600,000</b>	<b>2,000,000</b>	<b>25,726,000</b>

Source: USDA Forest Service, Northern Forest Lands Study, April 1990 (1987 and 1988 data)

\* Acreage figures are only for those lands in the Northern Forest region. They do not represent total acreages for the full states.

## Appendix K

### Bibliography

All reports noted with an asterisk(\*) are compiled in the Council's Technical Appendix. This appendix is available at state and selected university libraries across the country.

- \*Brocke, Rainer, Written Correspondence Outlining Recommendations to the Northern Forest Lands Council with Comments on a Briefing Paper, June 23, 1993.
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- \*Gro Fletebo, Federal, State and Private Initiatives for Preserving Biological Diversity, July 12, 1993.
- \*Gro Fletebo, Maintaining Biological Diversity on Private Forest Lands: Voluntary Techniques, August 24, 1993.
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- \*James W. Sewall Company and Market Decisions, Northern Forest Lands Council: Land Conversion Study, April 9, 1993.
- \*Lind, Brenda, Costs of Doing Business: Case Studies of Northern Forest Companies, October 22, 1993.

## Appendix L

### Mission Statement and Operating Principles

#### **Mission Statement:**

The mission of the Northern Forest Lands Council is to reinforce the traditional patterns of land ownership and uses of large forest areas in the Northern Forest of Maine, New Hampshire, New York and Vermont, which have characterized these lands for decades. This mission is to be achieved by:

- Enhancing the quality of life for local residents through the promotion of economic stability for the people and communities of the area and through the maintenance of large forest areas;
- Encouraging the production of a sustainable yield of forest products, and;
- Protecting recreational, wildlife, scenic and wildland resources.

#### **Operating Principles:**

The Northern Forest Lands Council finds:

The Northern Forests are of national significance and are facing a number of ever-increasing pressures from development, division of land into unmanageable parcels, recreation use, land taxes and other factors. These have significant adverse impact on commercial forestry, wildlife habitat and other important biological features; recreation, wildland and scenic values; and the quality of life of local residents.

In the past land conservation efforts have tended to focus on planning, zoning and acquisition. The Northern Forest Lands Council presents an opportunity to explore other ideas for land conservation that can help local people while protecting natural resource values.

A strategy to maintain the resources and character of the area must combine innovative means of maintaining large private ownerships and their public values, promotion of economic stability, and land acquisition and protection.

The Northern Forest Lands Council will be guided in its work by the following Operating Principles:

- (1) The Council will be advisory only. States shall retain all existing authorities. The Council will have no regulatory power. Responsibility for land use planning and regulation will remain with state and local governments.

To encourage the conservation of important tracts of timber and recreation lands, the states and federal government should support tax policies which reinforce traditional land uses and open space conservation. Encouragement should also be given to a variety of voluntary public-private partnerships that exchange incentives for long-term commitments by landowners to keep their land intact, productive and open for appropriate public use.

- (3) The Northern Forest Lands Council cannot and will not acquire land. The Council recognizes that public acquisition, from willing landowners, is one of many tools in the protection of critical lands within the Northern Forest area. The Council also recognizes that wholesale public land acquisition is not the total solution to the problems of the Northern Forest. When acquisition is appropriate:
  - it should be selective and for the purpose of maintaining critical public values that are best protected by full or less-than-fee purchases, and
  - consideration should be given to the benefits of conservation easements over fee purchases.
- (4) There is a need for gathering natural and economic resource information which can contribute to rational decision-making to conserve natural resources and to enhance the social and economic condition of the region's communities.
- (5) In all of the work of the Northern Forest Lands Council landowners will be consulted and treated openly and fairly.
- (6) The Northern Forest Lands Council will build on the work of the Northern Forest Lands Study and the Report of the Governors' Task Force on Northern Forest Lands.
- (7) The Council will seek public input at all stages of its process.

### **In Summary:**

The Northern Forest Lands Council will develop recommended strategies which recognize the dynamic biological and economic forces affecting the region while seeking to sustain the forest resources and communities of the region which depend on these vast resources.

Recognizing the contribution which private forest landownership has made to the Northern Forest Region over the generations, the Council believes that continued ownership and management of large forest areas of the region are necessary in order to strive toward the Mission of the Council. Furthermore, the Council also recognizes that public acquisition of forest land or interest in land for the protection of certain public values and important resources is consistent with its Mission and Operating Principles. The Council believes that both private and public landownership have a vital and complementary role to play in sustaining the Northern Forest for future generations.

The Council adopted the Mission Statement and Operating Principles in this final form on October 21, 1992.

# Northern Forest Lands Council Finding Common Ground

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- \*Market Decisions, Analysis of the Transfer and Conversion of Forest Land of Less than 500 Acres in Northern Forest Lands Study Area, August 1993.
- \*Market Decisions, Summary of Proceedings: Forum on National and International Influences on Land Use in the Northern Forest, September 1992.
- McMahon, Janet, An Ecological Reserve System for Maine: Benchmarks in a Changing Landscape, Report to the 116th Maine Legislature, Natural Resources Policy Division, Maine State Planning Office, May 1993.
- \*Northeastern Forest Alliance, Northeast: The Economic Importance of the Northeast Forest, June 1999
- \*Northern Forest Lands Council, Findings and Options, September 1993.
- \*Northern Forest Lands Council, Listening Log of Public Comments on the Findings and Options, November 1993.
- \*Northern Forest Lands Council, Summary of Proceedings: Biological Resources Diversity Forum, December 1992.
- \*Northern Forest Lands Council, Summary of Proceedings: Forum on Building Local Economies with Wood Products and Forest-Based Recreation and Tourism, June 14-15, 1993.
- \*Northern Forest Lands Council, Summary of Proceedings: Forum on Forest-Based Economic Development in the Northern Forest, April 4, 1992.
- \*Northern Forest Lands Council, Summary of Proceedings: Forum on Lands Sales of Northern Forest Lands Trust and Former Diamond International Corporation, March 13, 1992.
- Northern Forest Lands Council, Summary of Public Comment on the Draft Recommendations, August 1994.
- \*Northern Forest Lands Council, Summary of State Land Conservation Activities for the States of Maine, New Hampshire, New York and Vermont, July 1992.
- \*Northern Forest Lands Council and USDA Forest Service, Operating Procedures, Standards and Guidelines for Northern Forest Resource Inventory, October 1992.
- President's Commission on Environmental Quality, Biodiversity on Private Lands, Washington, DC, March, 1993.
- \*Resource Systems Group, Inc., Ad Hoc Associates and Doug Morris, Forest Property Taxation Program Report to the Northern Forest Lands Council, November 1993.
- Society of American Foresters, Task Force Report on Sustaining Long-term Forest Health and Productivity, 1993.
- \*State Resource Strategies, New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience, October 28, 1993.
- USDA Forest Service, Northern Forest Lands Study, April 1990.
- \*Watson, Julia, Wildlife Inventory Compendium Project, August 1, 1992.







**Property Taxes and the Economics of Timberland Management in the Northern Forest Lands Region**

**Professor Hugh OCanham**

**Forestry Economics**

**SUNY-ESF**

**Syracuse, NY 13210**

**(with assistance from colleagues: David Field, University of Maine; Theodore Howard, University of New Hampshire; Paul Endak, USDA Forest Service, Burlington, VT; and Jack Lindsay, University of Vermont)**

**Cost: \$1,500.00**

**Project Description** Canham et al looked carefully at the economics of timberland ownership and management in the Northern Forest and the effects of property taxes on these economics.

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**Environmental and Societal Benefits of Certain Federal Taxation Policies Affecting Private Timberland Owners**

**Lester DeCoster**

**The DeCoster Group, Inc.**

**11322 French Horn Lane**

**Reston, VA 22091**

**Cost: \$4,000.00**

**Project Description:** As a companion piece to the Federal Taxation report produced by Harold Dubroff (see next page), DeCoster closely reviewed the societal and environmental benefits of implementing certain federal tax law changes.

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**Global Economic Trends that Affect the Forest-Based Economy in the Northern Forest Lands**

**Christine Donovan**

**C.T. Donovan Associates, Inc.**

**22 Church Street, P.O. Box 5665**

**Burlington, VT 05402**

**Cost: \$11,250.00**

**Project Description:** Donovan researched how the Northern Forest region “sells” its forest-based economy products on a global scale, and how the world infiltrates the area as well.

**A Report to the Northern Forest Lands Council on Federal Taxation Issues Affecting Private Timberland Owners**

**Professor Harold Dubroff**  
**Urbach Kahn and Werlin, P.C.**  
**66 State Street**  
**Albany, NY 12207**

**Alvin Geske**  
**Sills, Brodsky, P.C.**  
**Sixth Floor**  
**1016 Sixteenth Street, N.W.**  
**Washington, DC 20036**

**Cost: \$46,095.45**

**Project Description:** Dubroff and Geske reviewed the entire federal tax code and described areas and proposed changes which would positively affect the landowners to own and manage land for the long-term.

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**Comparison of Ecological Classification Systems in the States of Maine, New Hampshire, New York and Vermont**

**Federal, State and Private Initiatives for Preserving Biological Diversity**

**Maintaining Biological Diversity on Private Forest Lands: Voluntary Techniques**

**Gro Flatebo**  
**Ash Cove Consulting**  
**4 Seabury Lane**  
**Yarmouth, ME 04096**

**Cost: \$5,500.00**

**Project Description:** In order for the Council to better comprehend how the four Northern Forest states and the country are addressing the needs of biological resources conservation, Flatebo researched the activities in the field at the local, regional, and national level.

**A Look at Economic Multipliers**

**Larry Goss**  
**Northern Economic Planners**  
**214 South Main Street**  
**Concord, NH 03301**

**Cost: \$300.00**

**Project Description** Goss reviewed the current state of use of economic multipliers which are commonly used in macro-economic analysis.

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**The Societal and Environmental Benefits of Federal Forest Taxation Changes**

**Perry Hagenstein**  
**Resource Issues, Inc.**  
**Box 44**  
**Wayland, MA 01778**

**Cost: \$4,500.00**

**Project Description** Hagenstein began work which was later completed by The DeCoster Group on the societal and environmental benefits of making certain changes to the federal tax code which affect ownership and management of private forest land.

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**An Ecological Reserve System for the Northern Forest Lands of New England and New York**

**Sharon Haines**  
**International Paper**  
**Southlands Experiment Forest**  
**Bainbridge, GA 31717**

**Professor Malcolm Hunter**  
**Wildlife Department**  
**University of Maine**  
**Orono ME 04469**

**No cost**

**Project Description:** Following a December 1992 Council-sponsored forum on biological resources diversity, at which the two authors spoke as panel members, the Council requested they draft a paper describing one of the concepts discussed at the forum, that of ecological reserves, in order to understand this potential tool.

**Federal Taxation and the Northern Forest Lands: A Discussion Paper Prepared for the Northern Forest Lands Council**

**Dr. Theodore Howard  
Salmon Falls Research Associates, Inc.  
P.O. Box 462  
Durham, NH 03824  
Cost: \$5,950.00**

**<M%-1>Project Description:** Howard examined work accomplished in the field of federal forest taxation during the Northern Forest Lands Study and developed an in-depth analysis for the effects of various alternative changes to the laws affecting forest landowners. This report preceded the Dabroff/Geske study (see page A-67).

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**Analysis of the Transfer and Conversion of Forest Land of Less than 500 Acres in the Northern Forest Lands Study Area**

**Market Decisions  
P.O. Box 2414  
South Portland, ME 04116  
Cost: \$9,717.00**

**Project Description:** As a follow-up to the land conversion study (See Sewall/Market Decisions below), Market Decisions searched intensively for existing data and analysis on land transfers and conversion of parcels of less than 500 acres in the Northern Forest between 1980-91.

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**New Directions in Conservation Strategies: A Reconnaissance of Recent Experimentation and Experience**

**Phyllis Myers, President  
State Resource Strategies  
1400 16th Street, NW, Suite 300  
Washington, DC 20036  
Cost: \$23,270.29**

**Project Description:** Myers did an intensive nationwide search for successful land conservation strategies which have been implemented in a setting similar to the Northern Forest.

**Northeast: The Economic Importance Of The Northeast Forest**

**Northeastern Forest Alliance**

**P.O. Box 932**

**SaranacLake, NY 12983**

**Cost: \$2,360.71**

**Project Description: The Council worked with the Northeastern Forest Alliance (a consortium of the state foresters from Maine, New Hampshire, New York, and Vermont) to complete a project begun by the Alliance on the economic impact of the forest-based industries in the four states.**

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**Forest Property Taxation Programs: Report to the Northern Forest Lands Council**

**Resource Systems Group, Inc.**

**P.O. Box 1499**

**Route 5, South**

**Norwich, VT 05055**

**Ad Hoc Associates**

**RD 1, Box 319**

**Salisbury, VT 05769**

**Professor Doug Morris**

**Department of Natural Resources and Economic Development**

**318 James Hall**

**University of New Hampshire**

**Durham, NH 03824**

**Cost: \$63,634.00**

**Project Description: Resource Systems Group et al researched existing current use-based property tax systems in the United States and abroad, developed an analysis of the costs and benefits of systems in the Northern Forest states, and described alternatives to (and changes to) the existing systems to facilitate and encourage the long-term ownership and management of the Northern Forest by private landowners.**

**Northern Forest Lands Council: Land Conversion Study**

**James W. Sewall Company**  
**147 Center Street**  
**Old Town, ME 04468**

**Market Decisions**  
**P.O. Box 2414**  
**South Portland, ME 04116**

**Cost: \$74,995.00**

**Project Description:** The Sewall/Market Decisions team searched for and compiled data on large parcel land sales and conversion (parcels greater than 500 acres) for the Northern Forest area for the period 1980-91. They also determined seller/converter motivation through several direct landowner surveys.

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**Regional Product Development: Northern Forest Resource Inventory**

**UNH Complex Systems**  
**Science and Engineering Research Building**  
**University of New Hampshire**  
**Durham, NH 03824**

**Cost: \$3,250.00**

**Project Description:** Taking the data layers of the Northern Forest Resource Inventory by the four states, Complex Systems developed draft regional map display products for review and analysis.

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**Wildlife Inventory Compendium Project**

**Julia Watson**  
**Box 156**  
**Barnard, VT 05031**

**Cost: \$1,175.00**

**Project Description:** Watson researched and compiled a listing and description of the various public and private wildlife inventories which are completed or ongoing in the Northern Forest states.





7. Universities and the business community should conduct research to quantify and compare the total environmental and economic impacts associated with the use of wood versus alternative construction materials, and wood pulp versus alternative paper-making materials.
8. Universities, and state and federal agencies should closely examine global trade issues, including domestic impacts of “hidden” subsidies to selected industries in other countries, and impacts on domestic consumers of business and trade supports in the U.S.
9. Universities and federal agencies should monitor and analyze the correlation between conservation-related federal tax code changes and forest landowner and investor behavior.
10. State agencies and universities should continue research on present and future demand for recreation and tourism opportunities, and on the relative costs and benefits to communities of providing those opportunities.
11. State agencies, landowners, and user groups should collaborate on research to identify policy alternatives that reduce the cost to landowners who provide free or low-cost public recreation opportunities.
12. State and federal agencies should examine the conservation and treasury impacts of the second home mortgage deduction, and quantify the contribution and distributional effects of this deduction.
13. State agencies and universities should examine Vermont’s land gains tax, comparing the predicted and actual outcomes on land use, impacts on the state treasury, and distributional effects.

### **Options Meriting Education and Information Efforts**

The following options depend upon an appropriate group taking responsibility or securing funding for implementation. The Council believes that collaborative efforts among a broad range of interest would ensure successful implementation of these options.

14. Legislators and regulators need more information on the importance of stability in land use regulations for long-term investments in forest land.
15. The general public, particularly visitors to the region, needs better information about the connection between natural resource conservation and the health of rural communities.
16. Apprenticeship programs that reinforce connections between young people, their communities, and the land should be created and, where already in place, strengthened.
17. Assessors, municipal officials, and legislators require more information about the importance of current use programs and the value of working landscapes and open space to communities.
18. Recreation user groups and individuals need more information about land use ethics.
19. The general public needs more information about the compatibility of forest management with recreation and tourism activities.
20. Small landowners need more widely disseminated information on estate planning and land conservation.

21. Attorneys and other personal advisors need more widely disseminated information on conservation-related estate and tax planning tools.

### **Information Gathering and Management**

22. State agencies or conservation groups should establish a “one-stop shop” for landowners and others to access a conservation tools database.
23. Universities should continue research to identify opportunities for additional value-added manufacturing in the region and coordinate those activities with each other.
24. Universities and state forestry agencies should continue cooperative efforts to identify local, regional, national, and international trade in forest products.
25. Universities and state forestry agencies should continue cooperative efforts to identify new forest products and services marketing opportunities for landowners.
26. Local communities and chambers of commerce should inventory existing business opportunities, and identify ways to keep local money circulating within the region.
27. Universities and state agencies should expand efforts to track participation in current use tax programs.
28. Universities and state agencies should continue efforts to track participation and trends in various recreation and tourism-related activities.
29. State agencies should conduct a one-time, GIS-based inventory of public recreation and tourism opportunities to improve facilities management.

