Other Policy Tools in Maintaining the Forest Land Base

There are a multitude of policy tools that can be utilized to accomplish various societal goals. This report has concentrated on those determined to be most useful, effective and politically palatable in Minnesota. These tools include conservation easements, land use planning and zoning, preferential taxation, land acquisition and land exchange. This section reviews some of the other existing tools, many related to this addressed above, available to policy makers in maintaining the forestland base.

Other Incentive Programs

This report thoroughly addressed a number of tax incentive programs, but other incentive programs are available to influence landowners' decisions about retention of forestland as well. It is important to address these incentive programs, as they have been a substantial part of forest policy in the United States for a long time. At the federal level, there are a number of incentive programs that are closely related to state programs. These include the Forest Stewardship Program, the Forest Land Enhancement Program, the Conservation Reserve Program, the Wildlife Habitat Incentive Program, the Forest Legacy Program, the Environmental Quality Incentive Program, the Landowner Incentive Program and the Wetland Reserves Program. In addition to these federal incentive programs, 35 other financial incentive programs have been identified at the state level, in addition to the preferential tax program[1]. Most of these programs are cost share programs. A survey of program administrators in the same study demonstrated that financial incentive programs were more effective than preferential property tax programs at encouraging sustainable forest management, of which the maintenance of the forest land base and parcelization were a subset. The respondents also noted that these were less effective than private conservation programs in promoting sustainable forestry, with the exception being the prevention of conversion of forest land to other uses. It is important to note that a number of these programs have had inconsistent or declining funding, decreasing their effectiveness in meeting public policy goals.

Education and Technical Assistance

The need for education and technical assistance is integral in the application of all the policy tools previously examined. Further consideration of education and technical assistance as distinct policy tools is pertinent as well. Reviews of policy tool effectiveness in Minnesota and across the country, have found that education and technical assistance are the most effective policy tools in encouraging certain landowner behaviors[2]. These programs are prolific in the United States and within Minnesota, with a large infrastructure of both public and private entities delivering them, including University of Minnesota Extension, the Minnesota Department of Natural Resources, the USDA Forest Service – State and Private Forestry branch, as well as a host of others. This infrastructure is able to reach landowners regarding diverse topics, which could be used to better address the issue and impacts of forestland parcelization. Education programs are not considered in isolation in this report with the exception of this paragraph, but are extensively discussed as they relate to the other policy tools as well as the derived policy options.

Purchase or Transfer of Development Rights

Purchase or transfer of development rights (PDR)(TDR) programs use conservation easements as the fundamental vehicle through which development rights are purchased or transferred and are briefly addressed in the planning and zoning section. These are singled out here to recognize these as

pertinent tools and to address them independently from the other policy tool analyses. Basically, PDR programs purchase conservation easements, and TDR programs also involve the use of conservation easements. When development rights are transferred from one parcel to another, the fact that the development rights have been removed is recorded through a conservation easement. These programs are often centered around urban areas, yet rural programs such as the Forest Legacy Program is a PDR program as well. As an example, Washington County in Minnesota initiated a program for the purchase of development rights in 2000, with the idea of keeping targeted lands in a natural condition. The transfer of development rights programs are also related to the concept of conservation easements. They function a bit differently, however, allowing developers to buy the development rights from a low-density landowner, such as a family forestland owner, and then transfer those development rights to increase the density of development within an urban area. This is a legitimate tool used in other parts of the country, but needs to work in conjunction with land use regulations that do not exist in Minnesota at this time and that are not likely to exist in the near future.

Forest Banking

There are many different types of forest management structures. Forest banking is one example of these forest management structures which acts as a policy tool that may be utilized to at least partially mitigate some of the adverse impacts of forestland parcelization. This type of policy instrument provides forest landowners with an opportunity to enroll their land into a cooperative, where an institution, separate from the landowner, manages the land for sustainable timber and income production. The landowner forgoes making future management decisions and deposits timber assets in return for a stream of annual payments related to the original size of the deposit. Most often these arrangements have some sort of stipulation against the conversion or parcelization of the enrolled lands. A survey of Virginia forest landowners found that 77 percent were unwilling to enroll in a forest banking program, mostly due to the infringement on private property rights[3].

Public Benefits Ratings System

Public benefits ratings systems are generally used in conjunction with some sort of preferential property tax system. Mostly employed in the Pacific Northwest, these systems utilize an assessment of properties to determine the size of the reduction of taxes or taxable value. A number of counties in the State of Washington use this approach, which is integrated with local land use regulations. Some of the variables include: recreational area, groundwater protection, buffers to public land, trail linkages, forest stewardship land, historic or archaeological sites, shoreline, habitat, riparian buffers, public access and existing easements, among others.

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[3] Sullivan, J., G.S. Amacher and S. Chapman. 2005. Forest banking and forest landowners foregoing management rights for guaranteed financial returns. *Forest Policy and Economics* 7(3): 381-392.