A report by the
Chesapeake Bay Commission
and
The Trust for Public Land

Keeping Our Commitment

Preserving Land in the Chesapeake Watershed



Chesapeake 2000 commits us to "permanently preserve from development 20 percent of the land area in the watershed by 2010." This report charts the progress so far and suggests policies that the Bay states and the federal government could adopt to help achieve this goal.

CHESAPEAKE BAY COMMISSION

THE TRUST FOR PUBLIC LAND

Keeping Our Commitment: Preserving Land in the Chesapeake Watershed

Chapter 1

Keeping our Commitment: 20 Percent Preserved

page 2

Chapter 2

Our States' Land Conservation Achievements:

The Starting Point

page 4

Chapter 3

Federal Funding:

Maximizing the Partnership

page 18

Chapter 4

Conservation Finance Programs:

Learning from Others

page 20

Chapter 5

New Opportunities for our Region

page 24

Appendix

Profile of Federal Programs

page 28

CHAPTER 1

Keeping Our Commitment: 20 Percent Preserved

here is an undeniable link between the health of the waters of the Chesapeake Bay and our stewardship of the huge area of land that comprises its watershed. The land-to-water ratio is larger than any other estuarine water body on earth. With a water surface for the tidal Bay of only 4,000 square miles and a watershed of 64,000 square miles, land surface exceeds water surface by more than 16 times. How we treat the land profoundly influences the quality of the water. Thus, land-use decisions may well be the most important factor in the success or failure of our efforts to restore and protect the Chesapeake Bay.

This pivotal connection was recognized in both the 1983 and 1987 Chesapeake Bay Agreements. The signatories in 1987 declared: "There is a clear connection between population growth and associated development and environmental degradation in the Chesapeake Bay system."

More than a decade later, the call for sound land use was reinforced by the more than 30 land use-related commitments contained in the new Chesapeake Bay Agreement, *Chesapeake 2000*. In this landmark regional accord, land conservation and sound land use take center stage. Slowing the pace of the conversion of land to development and preserving valuable habitat and resource lands are key. Central among the land-use initiatives is a commitment to permanently preserve from development 20 percent of the land in the watershed by 2010.

To date, we have made substantial progress in our efforts to preserve land. Land conservation programs administered by federal, state and local agencies have complemented those of nonprofit and private sources to make the land stewardship efforts in our region national models. In total, an estimated 6,688,757 acres have already been preserved as of June 28, 2000, or 17.2 percent of the watershed, leaving roughly 1.1 million more acres to preserve in order to meet the *Chesapeake 2000* commitment.

If funding continues at current rates adjusted for inflation, our existing programs will likely conserve an additional half million acres by 2010. Preserving the remainder will require new programs and reliable sources of money. The goal is within reach, but not without a stretch.

Soon after signing *Chesapeake 2000*, the Chesapeake Bay Commission (CBC) and the Trust for Public Land (TPL) forged a public-private partnership focused on the achievement of this goal. The Chesapeake Bay Commission is a tristate legislative assembly and a signatory to *Chesapeake 2000*. The Trust for Public Land is a nonprofit leader in the field of land conservation. This collaboration combines the resources and expertise of the two organizations.

This report is devoted to achieving our goal of permanently preserving from development 20 percent of the land in the watershed by 2010. It offers a foundation of information summarizing Bay-region land conservation actions to date. It offers insights into how to leverage federal funding for local and regional land acquisition. It examines the most effective approaches for financing land conservation at the state and local level that have been employed nationwide. Finally, it offers ideas to Maryland, Virginia and Pennsylvania for enhancing their respective land conservation programs to achieve our regional goal.

The Baseline

n June 28, 2000, the Chesapeake Executive Council — Chesapeake Bay Commission Chairman Senator Bill Bolling, Maryland Governor Parris N. Glendening, Pennsylvania Governor Thomas J. Ridge, Virginia Governor James S. Gilmore, III, District of

Watershed Land Preservation, January 2001

	Watershed acres ¹	Protected acres	Percent protected	Additional acres needed for 20%
Maryland	6,208,025	901,882	14.7%	330,723
Virginia	13,831,890	2,233,048 ³	16.1%	533,330
Pennsylvania ²	18,840,363	3,538,134	18.8%	229,939
D.C.	39,000	6,692	17.2%	1,108
Total	38,919,278	6,688,757	17.2%	1,095,0994

SOURCE: Chesapeake Bay Program

- As calculated by each state. Pennsylvania and Maryland include "spillover" county acreage.
- Includes all acreage in "spillover" counties; excludes all acreage for Carbon and Jefferson counties.
- 3. Excludes 635,998 acres protected through regulations by the Chesapeake Bay Act, Resource Protection Area. Includes military lands under the stewardship of the Department of Defense that are additionally managed for recreation, open space and habitat. While these lands are available for future military needs, they are considered by Virginia to be permanently preserved from development so long as so managed.
- 4. These numbers are the estimates of the Chesapeake Bay Program and are subject to revision as new information becomes available.

Chesapeake Bay Watershed



Keeping Our Commitment

Columbia Mayor Anthony A. Williams and U.S. Environmental Protection Agency Administrator Carol M. Browner — signed the new agreement that commits to, among other things, permanently preserve from development 20 percent of the land area in the watershed by 2010.

To understand how much of the watershed was yet to be preserved, the Chesapeake Bay Program developed a baseline. First, the program partners determined the land acreage that had already been preserved. From here, the remaining acreage to meet the 20 percent preservation goal could be determined. For the purposes of this exercise, "permanently preserved from development" is defined as:

"Land that is permanently protected from development with a perpetual conservation or open space easement or fee ownership, held by a federal, state or local government or nonprofit organization for natural resource, forestry, agriculture, wildlife, recreation, historic, cultural or open space use, or to sustain water quality and living resource values."

To reach our regional goal by 2010, about 1.1 million more acres must be protected. As this report reveals, roughly half of this acreage can be preserved through existing programs if funding is continued. The remainder must be secured through new and enhanced efforts.

It is important to note that the baseline summary is dynamic and is subject to change as new information about acquisitions becomes available. The numbers should be viewed as estimates. Updated numbers are available through the Chesapeake Bay Program.

CHAPTER 2

Our States' Land Conservation Achievements: The Starting Point

and conservation, through public and private initiatives, has had a long and successful history in the Chesapeake Bay region as confirmed by the large number of acres of land already permanently protected. To project what may be accomplished within the next ten years, it is necessary to examine the programs and funding sources the signatories of the Chesapeake Bay Agreement already have in place. The differing approaches the three states have pursued showcase the range of possibilities for funding and encouraging land conservation.

The following state profiles summarize land protection activities in the Chesapeake Bay watershed over an eight-year period, from fiscal year 1992 to fiscal year 1999 (Virginia data is by calendar year). The charts, based on data provided by state and federal agencies and private land trusts, illustrate the funds spent and acres protected through public and private efforts at the local, state and federal level. Private efforts include donations of land, easements or cash donations to nonprofit land trusts and easement-holding public entities such as the Virginia Outdoors Foundation and the Maryland Environmental Trust to acquire land or easements. Special attention was given to the use of multiple funding sources such as matching grants in land conservation projects.

The profiles begin with Pennsylvania, and then move down the Bay watershed to Maryland and Virginia. Each profile provides an overview of land conservation achievements in the state, then describes the major land conservation programs, examines a sampling of local initiatives, and finally concludes with two examples of land conservation partnerships. The review of these conservation successes highlights the creativity and flexibility of existing programs. While we will need to redouble our efforts throughout the watershed in order to achieve our goal, it will become clear that the building blocks of this monumental effort may already be in place.

Pennsylvania

ennsyl vania has demonstrated its commitment to financing land conservation through state bond measures and dedicated taxes, including a realty transfer tax and a cigarette tax. These funding sources have been used to establish grant programs which have encouraged local governments and nonprofit organizations to undertake additional conservation efforts. The recent Growing Greener legislative package will boost land conservation funding during the next five years to record levels. The majority of this additional funding is for the Farmland Preservation Program, with modest increases for the Community Grant Program and the Land Trust Grant Program as well.

During the fiscal 1992 to 1999 period, an average of 19,176 Pennsylvania acres were protected annually in the Chesapeake Bay watershed, with a record 29,678 acres protected in 1998. The vast majority of Pennsylvania's protected acres are agricultural lands, protected through Pennsylvania's Farmland Preservation Program. Although all of the agricultural acres are represented on the chart as protected by the state, Pennsylvania counties contributed significantly to farmland preservation through local matching funds. Other state programs that have protected land include state forest and parks acquisition programs, Game Commission programs, and the Land Trust and Community Grant programs. Federal acres were protected solely through the Land and Water Conservation Fund.

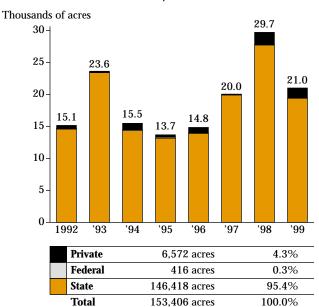
Annual spending to protect Pennsylvania land in the Chesapeake Bay watershed grew fourfold from \$11 million in FY 1992 to \$45 million in FY 1999. The state spent \$138.6 million (74 percent of the total) on land conservation between FY 1992 and FY 1999, with the majority for farmland preservation. Local government funds — including county contributions to farmland preservation and local matches for the Community Grant Program — account for 26 percent of the total public dollars spent on land preservation between fiscal years 1992 and 1999.

Profile of State Programs

Growing Greener

In December 1999, Governor Tom Ridge signed Growing Greener, a sweeping five-year legislative package that will provide \$645.9 million in funding to protect natural resources and enhance recreational opportunities. The Pennsylvania Department of Agriculture will receive roughly \$100 million during the five-year period for farmland preservation. The Pennsylvania Department of Conservation and Natural Resources (DCNR) will receive \$154.5 million, of which about \$27.4 million will go to matching grants through the Land Trust Grant Program and the Community

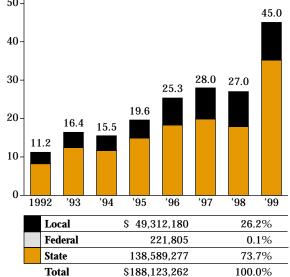
Watershed Land Protected, FY 1992-99



Pennsylvania's Conservation Achievements

Public Land Preservation Expenditures, FY 1992-99

Millions of dollars
5045.0



Grant Program. Community Grant funds can be used for both land acquisition and parks development.

Farmland Preservation Program

The Farmland Preservation Program (FPP) was created in 1989 when voters approved a \$100 million bond measure to protect the most productive agricultural lands that are under extreme threat from development. Every county with approved guidelines receives some grant funding. Counties also apply for matching grant funds. Eligible farms must be located in a designated Agricultural Security Area and comprise at least 50 contiguous acres. In 1994, the Legislature further increased funding by directing 2 cents per pack of the cigarette tax into the FPP. Between 1989 and 2000, the FPP received \$350 million in state funding, with annual contributions averaging \$20–30 million. In 2000, annual funding exceeded \$70 million. To date, the Farmland Preservation Program has protected over 180,000 acres of farmland. Despite this accomplishment, there is enormous unmet demand. In 1999, there was a backlog of 1,500 farms (more than 200,000 acres) seeking to sell their development rights.

Pennsylvania's Conservation Achievements

Agricultural Land Trust Reimbursement Grant Program

To accelerate private agricultural land trust activity, Act 15 of 1999 authorized the State Agricultural Conservation Easement Purchase Account to reimburse qualified land trusts for up to \$5,000 for expenses incurred in the acquisition of agricultural conservation easements. To date, over 600 acres have been preserved by four land trusts with grants totaling approximately \$35,000.

Community Conservation Partnership Program

Begun in 1995, the CCPP provides grants to communities and nonprofit organizations for planning, technical assistance, acquisition and development projects. Grants are made through the Keystone Fund, which receives 15 percent of the state's share of the realty transfer tax. The Keystone Fund was established by voters in November 1993, and originally included a \$50 million bond. In FY 2001, the CCPP will receive 35 percent of the total Keystone funds, or roughly \$19 million.

Land Trust Grant Program

The Land Trust Grant Program within CCPP provides 50 percent matching grants to nonprofit land conservation organizations for acquisition of open space and natural areas that face imminent threat from development. Threatened species habitat is a priority of the program. This program received ten percent of the total Keystone funding, or roughly \$5.4 million, in FY 2000. Since the program's inception in 1995, the state has provided \$9.7 million in grants to land trusts in the Chesapeake Bay watershed, helping to protect more than 16,000 acres. Total costs surpassed \$23.8 million. Demand for funds far outstrips supply. Over the 1998-1999 and 1999-2000 grant cycles combined, nearly \$21 million was requested, with \$10 million awarded. During the grant round that closed in November 2000, \$9.5 million was requested and \$6 million was awarded.

Community Grant Program

The Community Grant Program within CCPP awards matching grants of 50 percent to local governments for

Public Land Preservation Program Expenditures

FY 1998

FY 1999

10 20 30 40 50

	FY 1998	FY 1999
State Forests and Parks	\$ 293,115	\$ 490,000
Community Grant (CG)	864,000	595,500
Land Trust Grant	1,374,500	1,515,000
Farmland Preservation	13,989,128	31,954,182
Game Commission	1,368,993	675,356
County Farmland Pres.	5,615,477	8,239,905
Local CG Match	3,506,800	1,474,992
Total	\$27,012,013	\$44,944,935

Total state expenditures on land conservation in FY 1999 (\$35.2 million) were nearly double the \$17.9 million spent in the previous year. Local expenditures remained relatively constant around \$9–\$10 million. The state and counties spent more than \$40 million in agricultural preservation in FY 1999, double the expenditure of FY 1998. Farmland preservation accounted for 90 percent of total public expenditures in FY 1999, up from 73 percent the year before.

acquisition of park and recreation land, park improvements and development of park facilities. Since 1995, local governments in the Chesapeake Bay watershed have received \$4.9 million for land acquisition. More than 2,000 acres have been protected, at a total cost of \$19.3 million. Statewide funding for this program has not kept up with demand. During the last two years, \$56 million was requested, yet only \$28 million was awarded. However, the DCNR has fulfilled the majority of land acquisition requests regarded as a high priority.

Pennsylvania Game Commission

With more than 1.4 million acres of land across 300 tracts, the Pennsylvania Game Commission is a major landowner of protected land in the state. The Commission does not receive any tax revenues from the commonwealth of Pennsylvania, and relies instead on licenses and fees, product sales such as timber, and federal aid. (In FY 1998, the Game Commission spent \$3.03 million on land acquisition.) Under state law, the Commission cannot spend more than \$400 per acre acquired.



Pennsylvania's Conservation Achievements

Sampling of Local Initiatives

'n recent years, counties and municipalities in Pennsylvania have taken important steps to protect open space. Although some of the following examples are from outside the Chesapeake Bay watershed (Bucks County), they demonstrate the variety of ways that local communities can seek funding to protect open space. Several counties in the watershed have passed bonds to purchase open space: Berks (\$28 million in 1999), Chester (\$50 million in 1987), Lancaster (\$5 million in 1989, \$25 million in 1999), Monroe (\$25 million in 1998), and Montgomery (\$100 million in 1993). Two municipalities in Delaware County and four in Montgomery County have also approved bonds for open space. In conjunction with the state's farmland preservation program, more than two-thirds of Pennsylvania counties have established local funding sources such as general appropriations or bonds for agricultural preservation. Localities have raised nearly \$94 million between 1989 and 2000, in addition to \$350 million from state appropriations.

Local Funding Mechanisms Used in Pennsylvania

General funds	Adams, Chester, and Lancaster counties
Bonds Berks, Bucks, Chester, Delawar Monroe, and Montgomery cou	
Property tax	Milford Township, Bucks County
Earned income tax	East Rockhill, New Britain, and West Rockhill townships, Bucks County

- ◆ Adams County has established an Agricultural Land Preservation Board and appropriated general funds to acquire agricultural conservation easements. The Board aims to protect 600 acres per year. Between 1989 and 1996, Adams County protected 5,100 acres at a total cost of \$8.8 million, of which \$1.6 million was raised locally. By 2000, local funding totaled \$3.1 million.
- **2** Bucks County voters approved \$3.5 million open space bonds in 1994 and \$59 million in 1996. Fourteen municipalities approved a total of \$74.4 million in bonds between 1991 and 2000, with four communities approving two bonds each. In 1997, Milford Township approved a tax of \$2 per \$1,000 of assessed property value for open space. East Rockhill, New Britain and West Rockhill townships each approved .125-percent earned income taxes for open space, using authority approved by the Legislature in 1996.
- **3** Chester County Commissioners made a public pledge to spend \$75 million during the next five to ten years for open space, farmland preservation, planning and urban revitalization projects. The new money allows the continuation of grant programs established by a \$50 million bond referendum in 1987.
- **♦** Lancaster County is home to Pennsylvania's largest farmland protection program. As of July 2000, 300 farms with 27,783 acres were protected under conservation easements. Between 1989 and 2000, the county appropriated approximately \$20.3 million for farmland protection, and the state provided \$37 million. A \$5 million bond in 1989 helped the county increase park acreage by 40 percent, or 500 acres. In 1999, voters approved another \$25 million bond for farmland preservation.

Private Land Conservation

t the core of Pennsylvania's land conservation efforts are a wide array of private land conservation groups — local and regional, large and small—that have helped protect numerous acres of the Pennsylvania landscape. The many land trusts throughout the state have organized a voluntary umbrella group called the Pennsylvania Land Trust Alliance, which hosts training and networking events around the commonwealth to enable newer and smaller trusts to learn from the larger, experienced ones. Regardless of size, land trusts throughout Pennsylvania are conserving land by receiving donated conservation easements, and more recently, through the active purchase of land and easements. Nowhere is this activity more apparent than through the state's Land Trust Grant Program, which encourages local, regional and national land conservation organizations working in Pennsylvania to utilize a variety of funding means to match state funds. Nonprofit organizations work cooperatively with local government agencies to match funds, to raise private funds from the community or to negotiate a donation from the landowner, often referred to as a "bargain sale," to stretch the state grant dollars. In February 2000, the Land Trust Grant Program awarded 30 grants totaling nearly \$6 million to recipients across the commonwealth. Recipients in the watershed include:

- The Strawberry Hill Foundation (Adams County)
- Southern Alleghenies Conservancy (Cambria and Somerset counties)
- ClearWater Conservancy (Centre County)
- Western Pennsylvania Conservancy (Clinton and Elk counties)
- Conservation Fund (Huntingdon County)
- The Nature Conservancy (Lackawanna County)
- Lancaster County Conservancy (Lancaster County)
- Northcentral Pennsylvania Conservancy (Lycoming County)
- Edward L. Rose Conservancy (Susquehanna County)



PHOTO: GEORGE ARONSON

Milford Reservation.

Land Conservation in Action

he following two examples demonstrate how partnerships with nonprofits and local governments can effectively leverage state funds.

Cedar Hollow

In a rapidly developing Chester County community, 60 acres of critical wetlands, woods and open land known as Cedar Hollow were protected in 1999 with a \$100,000 Land Trust Grant to the Open Land Conservancy. The funds from the Land Trust Grant Program were matched with funds from the Chester County Preservation Partnership Program. Also on the land is an "exceptional value" trout stream which will be enhanced through a \$75,000 Growing Greener watershed grant.

Milford Reservation

In a more rural portion of the state, a partnership among the Trust for Public Land (TPL), the commonwealth of Pennsylvania, Pike County and a private landowner resulted in the protection of 1,646 acres connecting 8,000 acres of public land in the county. Although outside the Chesapeake Bay watershed, the Milford Reservation project demonstrates the success of partnerships drawing upon several funding sources to accomplish large preservation projects with multiple goals. The \$1.75 million property was owned by a nonprofit foundation and used for out-of-state youth-at-risk programs. TPL negotiated a "bargain sale" purchase price of \$1,025,000, which provided a \$725,000 match for a \$500,000 Land Trust Grant. The Bureau of Forestry provided the remaining \$525,000 of the purchase price. In addition, and as a further benefit for the local community, TPL negotiated a 300-acre lease between Pike County and the state, providing the county with its first park. The environmental education and youth-at-risk program facilities on the property are now open to the local community.

Pennsylvania's

Conservation

Achievements

Maryland

aryl and is one of the first states to fund land conservation through a dedicated real estate transfer tax. Over the last seven years, an impressive 152,207 acres of farmland and forest land in Maryland were preserved. As development of farm and forest land has picked up pace, so too has Maryland's programs to permanently preserve portions of its landscape.

During the fiscal 1992 to 1999 period, an average of 19,026 Maryland acres were protected annually in the Chesapeake Bay watershed. A record 29,113 acres were protected in 1999, 6.5 times the amount protected in 1992. The state is responsible for 74 percent of the total acres protected, through Program Open Space, Rural Legacy and Maryland Agricultural Land Preservation Foundation programs. Private donations to the Maryland Environmental Trust, federal units and land trusts make up 22 percent of the total number of acres protected. In addition, 6,559 acres were protected through the federal Land and Water Conservation Fund, the Migratory Bird Act and the North American Wetlands Conservation Act.

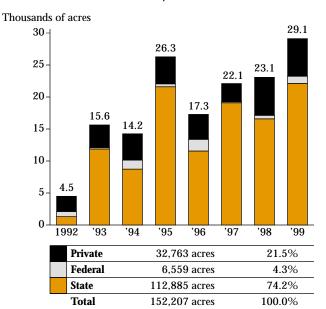
To protect Maryland land in the Chesapeake Bay watershed, annual spending grew nearly 19 times from \$5.4 million in FY 1992 to \$101.5 million in FY 1999. The state spent \$325 million (86 percent of the total public expenditures for FY 1992–1999) on land conservation through Program Open Space, Rural Legacy and the Maryland Agricultural Land Preservation Foundation. County matching funds for agricultural preservation account for seven percent of the total public funds spent on land preservation between fiscal years 1992 and 1999. Federal grants were awarded primarily through the creative use of federal transportation funds (ISTEA/TEA-21), with some grants awarded through the Migratory Bird Act and the North American Wetlands Conservation Act, and appropriations from the Land and Water Conservation Fund.

Profile of State Programs

Program Open Space

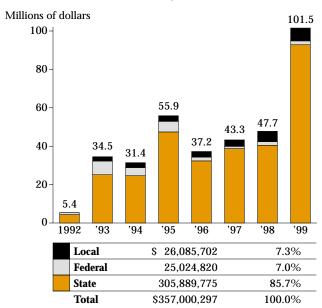
The Department of Natural Resources coordinates Program Open Space, created by the state legislature in 1969. This nationally renowned program receives its funding from the state real estate transfer tax, which places one-half of one percent of the purchase price of a home or land into a fund dedicated to the Program. Each county receives an allotment based on county population and the amount of real estate transfer revenue generated in that county. Other programs such as Rural Legacy, the Agricultural Land Preservation Foundation and the Maryland Historical Trust's Heritage Area Program also receive portions of this fund. Since 1969, Program Open Space has protected 230,000 acres of open

Watershed Land Protected, FY 1992-1999



Maryland's Conservation Achievements

Public Land Preservation Expenditures, FY 1992-99



space and recreation lands. The FY 2001 appropriation is estimated at 892 million.

Rural Legacy Program

In 1997, the Maryland General Assembly adopted the Rural Legacy Program as part of the Governor's Smart Growth and Neighborhood Conservation Initiative. The Program's mission is to strategically preserve large, contiguous blocks of farmland and open space across the state. Under the Program, local governments and private land trusts identify Rural Legacy Areas, or rural areas in need of protection, and competitively apply for funds. The Governor and the General Assembly authorized \$128 million for fiscal years 1998 through 2002, with the goal of protecting 200,000 acres by 2011. Funds come from general obligation bonds, general funds, and the stateside acquisition budget of Program Open Space. To date, the state has spent \$8.2 million under the Rural Legacy Program and has preserved 2,141 acres of easements and 510 acres in fee. About \$29 million in grant funds have been encumbered for local government and land trust projects.

Conservation Achievements

Maryland's

Maryland Agricultural Land Preservation Foundation

The Maryland Agricultural Land Preservation Foundation (MALPF) was created by the General Assembly in 1977 to preserve productive agricultural land and woodland to produce food and fiber, curb urban sprawl, and protect open space. A landowner or group of neighboring landowners with a minimum of 100 contiguous acres may form an Agricultural Preserve District by agreeing to keep their land in agricultural use for at least five years. Landowners may then sell the development rights to the state. MALPF's funding comes mainly from two sources, Maryland's real estate transfer tax and the agricultural transfer tax. As of June 2000, MALPF had acquired agricultural land preservation easements on 185,871 acres, and had protected 342,509 acres of farmland in 2,581 Agricultural Preservation Districts.

MALPF's Certification of County Programs

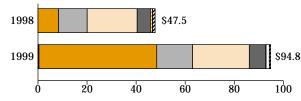
MALPF's Certification of Local Agricultural Land Preservation Programs, begun in 1990, provides incentives for counties to develop effective farmland preservation programs. Counties that apply to MALPF and are certified as having an effective farmland preservation program keep 75 percent of the agricultural transfer tax revenues to be used for agricultural land preservation, while non-certified counties keep one-third of the revenue. The Program has certified 15 counties. These counties, in turn, have permanently preserved over 123,027 acres of viable agricultural land.

Maryland Environmental Trust

The Maryland Environmental Trust (MET), created in 1967, aims to conserve, improve, stimulate and perpetuate the aesthetic, natural, scenic and cultural aspects of the Maryland environment. MET especially promotes open

Public Land Preservation Program Expenditures

Millions of dollars



	FY 1998	FY 1999
Rural Legacy		400,000
POS state	8,373,439	48,010,410
POS local	11,679,500	14,606,968
MALPF	20,378,116	23,109,183
MALPF County Match	5,358,267	6,702,030
LWCF	861,084	160,108
Migratory Bird		1,287,260
ISTEA/TEA-21	1,095,334	558,900
Total	\$47,745,740	\$94,834,859
	POS state POS local MALPF MALPF County Match LWCF Migratory Bird ISTEA/TEA-21	Rural Legacy POS state 8,373,439 POS local 11,679,500 MALPF 20,378,116 MALPF County Match 5,358,267 LWCF 861,084 Migratory Bird ISTEA/TEA-21 1,095,334

State spending on land conservation in FY 1999, \$86.1 million, was more than double the \$40.4 million spent in the previous year. Program Open Space expenditures more than tripled from \$20 million in 1998 to \$62.6 million in 1999, reflecting the opportunity the state has to use its dedicated funding source as target properties are available. Funding for Program Open Space has been relatively consistent from year to year. Expenditures have varied as specific projects were completed. In 1998, public expenditures were about evenly split between agricultural preservation (54 percent) and Program Open Space (42 percent). The following year, however, the emphasis shifted, with about two-thirds (67 percent) of the expenditures for Program Open Space and about one-third (31 percent) for agricultural preservation.

space conservation through its Conservation Easements Program, whereby landowners voluntarily donate their development rights and are eligible for significant reductions in income, property and estate taxes in return. To date, MET holds conservation easements that permanently protect 67,175 acres from development.

MET's Local Land Trust Assistance Program

The Maryland Environmental Trust developed the Local Land Trust Assistance Program in 1989 to provide training, technical assistance, grants and membership in the Maryland Land Trust Alliance in order to help citizens form and operate local land trusts. Under the 1990 Consolidated Land Preservation Act, MET administers a \$1.5 million revolving loan fund for local acquisitions and awards annual grants of approximately \$25,000 to local trust operations. Currently there are over 40 land trusts in the program, co-holding 40,000 acres of easements with MET.



Sampling of Local Initiatives

- ♠ Baltimore County has been committed to land preservation for two decades. The county has a strong program to protect rural lands through its Rural Legacy and Agricultural Preservation Programs. Acquisition of land and easements has been funded through periodic voter-approved general obligation bonds and, more recently, through surplus general revenues.
- **2 Calvert County** fosters private conservation through a \$1 million revolving loan fund for local land trust acquisitions. The American Chestnut Land Trust acquired a 140-acre farm through this fund.
- **3** Carroll County's Critical Farms Program offers farm owners 75 percent of the value of an easement. In return, the owner applies to the state Purchase of Development Rights (PDR) program. If accepted within five years, the owner reimburses the county; otherwise, the county owns the easement. This creates a revolving fund to help additional owners and guarantees landowners a minimum easement price. The budget for Carroll County's Critical Farms Program is approximately \$300,000 per year, split between general funds and the agricultural transfer tax.
- **4** Montgomery County's Legacy Open Space is a tenyear initiative to conserve land of exceptional value. The County Council has approved \$33 million over six years from county general obligation and park bonds. Approximately 30 percent of future revenues are targeted to come from private sources. The first property, the 214-acre Bucklodge Forest, was acquired for \$3 million in November 2000.

3 Queen Anne's County dedicates 1 percent of the total tax dollars generated from agriculturally assessed properties to farmland preservation.

Local Funding Mechanisms Used in	Maryland

General funds	Anne Arundel, Calvert, Carroll, and Frederick counties
Bonds	Anne Arundel, Baltimore, and Montgomery counties
Zero coupon bonds	Howard, Harford, and Anne Arundel counties
Agricultural transfer tax	Almost all counties
Real estate transfer tax	Harford, Howard, Prince George's, and other counties
Property tax	Queen Anne's County
Property tax credits or exemptions	Montgomery, Harford, and Anne Arundel counties

Agricultural Land Protected with Local Funds, 1992-1999

Anne Arundel County	2,411	Frederick County	938
Baltimore County	300	Harford County	14,404
Carroll County	914	Howard County	5,546
Calvert County	559	Montgomery County	3,009

Private Land Conservation

and trusts play a key role in Maryland land conservation by purchasing and acquiring donations **d**of land, easements and development rights. Although land trusts have been protecting land in Maryland for decades, their number and accomplishments have significantly increased during the past ten years, due in great part to MET's Land Trust Assistance Program and training. Land trusts utilize a variety of grants and financial incentives such as the Rural Legacy Program, MET's revolving loan fund, and 15-year property tax exemptions for local land trust easements held jointly with MET. Maryland land trusts have a history of supplementing public dollars with private funds, with cash, or through negotiated bargain sales. Between 1992 and 1999, land trusts donated nearly \$10 million to the state for land conservation projects. Here is a partial listing of the acres protected by local land conservation organizations active in Maryland.



Land Trust Preservation Land Trust **Acres Protected** Accokeek Foundation (1/01) 5,200 American Chestnut Land Trust (1/01) 2,930 1,330 Caves Valley Land Trust (1/01) Eastern Shore Land Conservancy (1/01) 25,156 Howard County Conservancy (9/99) 1,575 Land Preservation Trust (1/01) 2,500 2,292 Lower Shore Land Trust (10/98) 8,000 Manor Conservancy (1/01) Stronghold Corp. (1/01) 3,250 The Nature Conservancy (11/00) 50.442 102,675 Total

Land Conservation in Action

I though Maryl and has well-established and nationally recognized public land acquisition programs, the state also enters into partnerships with local governments and nonprofit organizations. These partnerships offer unique opportunities to increase reach and flexibility, and creative ways to achieve long-term land conservation.

Cromwell Valley

Cromwell Valley, a rural stream valley in central Baltimore County, was surrounded by encroaching development. The valley adjoins the Gunpowder Falls Greenway and State Park, and meets several state and county goals including natural and cultural resource protection and water quality protection, recreation and environmental education. The heart of the valley had been protected with a 100-acre



PHOTO: KEN SHERMAN

Cromwell Valley.

conservation easement donated to MET in 1990. Baltimore County and the state of Maryland joined in partnership to protect the rest of the valley, and in 1993 acquired the 220-acre Merriman property adjoining Gunpowder Falls. With the assistance of the Trust for Public Land, the \$4.5 million property was purchased at a bargain sale price of \$3.7 million, using \$1.875 million in state Program Open Space funds and \$1.825 million in local Program Open Space funds. Baltimore County used additional local Program Open Space funds and bond proceeds to purchase Sherwood Farm, which was protected with an MET easement. A third 45-acre parcel was added in 1994, with about 80 percent state and 20 percent local funds.

Chesapeake Forests

In 1999, the state of Maryland protected 58,000 acres of Chesapeake Forest Products Company land, supporting a thriving forest ecosystem and buffering five tributaries of the Chesapeake Bay. Using Program Open Space funds, the state acquired the first 29,000 acres for \$16 million. The remaining property was acquired by the Conservation Fund with grants from the Richard King Mellon Foundation. The Conservation Fund will timber the property under sustainable forestry management plans, and eventually transfer the property to the state. The permanently protected forest tract will do much to maintain the long-term health of the Chesapeake Bay. This extraordinary project emphasizes the importance of Maryland's substantial and reliable funding program in establishing significant partnerships with the private sector.

Virginia

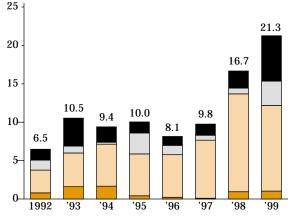
approach to land conservation by encouraging private donations to the state's Virginia Outdoors Foundation (VOF), securing federal funds, and spending state bond proceeds and general fund appropriations. With new state income tax credits in place to benefit landowners, if increased funding continues for the Virginia Land Conservation Foundation and VOF, the number of protected acres is likely to rise significantly in 2001 and beyond.

During the 1992 to 1999 period, an average of 11,532 acres in Virginia were protected annually in the Chesapeake Bay watershed, although in recent years the pace has increased substantially. In 1999, more than 21,250 acres were protected in Virginia, more than three times the acres protected in 1992. The VOF has played the leading role by facilitating private land donations. Overall, 60 percent of Virginia's acres protected in 1992–99 were donated to VOF. Private acres donated to other Virginia state agencies, federal units and land trusts make up 21 percent of the total acreage protected. The federal government's Land and Water Conservation Fund and the North American Wetlands Conservation Act Grant Program protected nearly 11,000 acres during the same period. Beyond its efforts through VOF, Virginia has protected 6,787 acres in the Chesapeake Bay watershed through the 1992 general obligation bond for parks and natural areas and through general fund appropriations.

Through voter-approved general obligation bonds and state general funds, the state spent \$23.6 million for land protection in the Chesapeake Bay watershed between 1992 and 1999. Virginia has also taken advantage of federal grant programs for land conservation. Grants from the Land and Water Conservation Fund, the National Coastal Wetlands Conservation Program, the North American Wetlands Conservation Act, the Coastal Zone Management Program, the National Oceanic Atmospheric Administration, and the Pittman-Robertson Fund make up 56 percent of the public funds spent for land protection in Virginia between 1992 and 1999.

Watershed Land Protected, 1992-1999

Thousands of acres

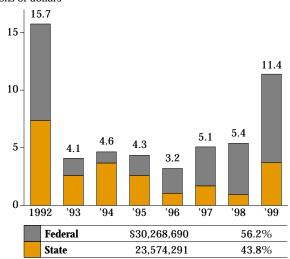


Virginia's Conservation Achievements

Private	19,249 acres	20.9%
Federal	10,944acres	11.9%
State — V	OF 55,278 acres	59.9%
State — (Other 6,787 acres	7.3%
Total	92,258 acres	100.0%

Public Land Preservation Expenditures, 1992-99

Millions of dollars



Profile of State Programs

Virginia Land Conservation Foundation

A recent building block of Virginia's conservation efforts is the Virginia Land Conservation Foundation, established in 1999. The Foundation manages the Virginia Land Conservation Fund, a non-lapsing fund in the state treasury. The Fund provides grants to state agencies including VOF, and matching grants to local governments and nonprofit organizations for land acquisition and purchase of development rights to protect open spaces and parks, natural areas, historic areas, farmlands and forests. The Foundation serves as the primary catalyst to foster state-local collaboration on behalf of land conservation. In its initial year, the General Assembly appropriated \$1.75 million from the General Fund for the Foundation. Subsequently, during the 2000 session, the Assembly increased funding to \$15.8 million for the 2001–2002 biennium.

Virginia's Conservation Achievements

Virginia Outdoors Foundation

The General Assembly created the Virginia Outdoors Foundation (VOF) in 1966 upon the recommendation of the 1964 Virginia Outdoor Recreation Study Commission. VOF's purpose is to encourage private gifts of money or land to preserve open space, including natural, scenic, historic, scientific and recreational areas. About half of the VOF's operating expenses are funded through the Department of Conservation and Recreation by annual appropriations from the General Assembly. Donations and rental and interest income fund the rest of the Foundation's work. VOF has received donations of 3.500 acres of land and easements on 147,000 acres of open space across the state. During the 1990s, VOF received an average of 5,700 acres of donated easements annually. In recent years, however, several important developments have enhanced the ability of VOF to protect land. The General Assembly has significantly increased VOF's funding, increasing its ability to facilitate land transactions. In 1998, VOF protected a record 13,630 acres statewide. The new land conservation tax credit (see below) is also expected to boost donations to the Virginia Outdoors Foundation, as landowners take advantage of the newly available income tax benefits. Additionally, landowners who donate a conservation easement may be exempt from federal estate taxes for up to 40 percent of the land value.

1992 General Obligation Bond

The majority of recent state land acquisitions were financed by a \$95 million statewide general obligation bond measure, approved by voters in 1992 by a 2-to-1 ratio. The bond included \$11.5 million for natural area preserve acquisition and \$17 million for state park land acquisition, adding more than 10,400 acres at 14 sites statewide. The bond funds were complemented by an additional \$4 million in private and local acquisition financing. The Department of Conser-

Public Land Preservation Program Expenditures

Millions of dollars

1998

1999

2 4 6 8 10 12

			1998	1999
	Open Space Bond	\$	916,324	\$ 2,619,374
	General Funds		9,903	1,076,676
	Fish and Wildlife Svc.		200,000	4,421,956
	Forest Service		391,300	546,300
	National Park Svc.		1752,412	924,382
	CWPT		28,152	
	Coastal Wetlands	1	1,551,918	739,797
	NAWCA		530,491	580,000
	Coastal Zone Mgmt.			380,004
	NOAA			100,000
	Total	\$5	,380,500	\$11,388,489

Virginia has been able to leverage significant federal funding with state funds, easement acquisitions and private initiatives. Total public expenditures from all sources in 1999 were \$11.4 million, more than twice the prior year's total of \$5.4 million. State expenditures (general funds and bond proceeds) for land conservation tripled between 1998 and 1999. Federal grants and appropriations increased nearly 75 percent from 1998 to 1999, with the emphasis shifting from National Coastal Wetlands and the National Park Service to the Fish and Wildlife Service.

vation and Recreation also secured \$5.5 million in matching funds from the U.S. Fish and Wildlife Service's Coastal Wetlands Grant Program and NOAA for natural area preserve acquisition.

Land Conservation Tax Incentives

The Virginia Land Conservation Incentives Act of 1999 significantly enhances the tax benefits available to private landowners who donate land or conservation easements. Under the tax credit program, a landowner can receive an income tax credit equal to 50 percent of the fair market value of the donated land or easement. The credit is limited to \$50,000 in FY 2000, \$75,000 in FY 2001 and \$100,000 in FY 2002 and subsequent years. If the total tax credit exceeds the maximum annual allotment, the excess value can be carried over for a total of five years.



Sampling of Local Initiatives

- ◆ Albemarle County allocated \$2 million for its Acquisition of Conservation Easements program as part of its FY 2001–2005 Capital Improvement Plan, \$1 million in 2001 and \$1 million in 2002. Properties are ranked in an evaluation that awards points for size of parcel, threat of conversion to development, and natural, cultural, historic and scenic resources.
- **2** In 1998, **Fairfax County** voters approved a \$75 million 6-year bond program, with \$20 million for acquiring properties threatened by development. The Fairfax County Park Authority spent all the funds by July 2000. More than 1,000 acres have been purchased, including an 800-acre parcel in western Fairfax County. In addition, the Authority has increased its holdings by acquiring 2,000 acres of open space that were formerly part of the closed Lorton prison.
- The James City County Board of Supervisors created Project Greenspace in 1997 for land and easement acquisition. The FY 2000 capital budget allocates the equivalent of a portion of the real estate tax each year for the period 2001–2004, directing \$2.45 million in total to land conservation.
- **4** In July 2000, the **Loudon County** Board of Supervisors approved \$4 million in general fund appropriations for the first year of its Purchase of Development Rights (PDR) program. In subsequent years, funding is slated to total \$6 million.
- **6** In 1995, the **Virginia Beach** City Council created the Agriculture Reserve Program for the acquisition of agricul-

tural conservation easements. The Program is funded until 2010 by a dedicated property tax levy of 1.5 cents per \$100 of assessed value. Under an installment purchase plan, the city pays interest semi-annually and the bulk of the principal after 25 years. Sellers postpone capital gains until the end of the plan. Virginia Beach also collects a 10-percent tax on cellular phone bills (up to a maximum of \$3 per month). Proceeds from the tax are deposited in the general fund, and a portion is earmarked for the program.

Local Funding Mechanisms Used in Virginia			
General funds	Albermarle, Loudon, Henrico, Fluvana, and Prince William coun- ties and Virginia Beach		
Bonds	Fairfax, Hanover, Henrico, Prince William and Arlington counties		
Property tax James City County and Virgini Beach			
Cell phone tax Virginia Beach			

Private Land Conservation

cross Virginia, several dozen private land conservation organizations are working to protect important natural landscapes. Some work with the Virginia Outdoors Foundation to facilitate the donation of land and conservation easements, which are generally held by VOF. The Piedmont Environmental Council (PEC) has helped facilitate the acquisition of conservation easements on more than 110,000 acres in nine counties stretching from Loudon in Northern Virginia to Albemarle in the heart of the Piedmont. In 1999 alone, PEC helped protect more than 9,500 acres. Since its founding in 1990, the Valley Conservation Council has helped protect more than 40,000 acres across an 11-county area in the Shenandoah Valley, stretching from Frederick County in the north to Botetourt County in the south.

Other land conservation groups purchase and own land, independent of VOF. The Civil War Preservation Trust has provided more than \$11.6 million to protect 2,671 acres of Civil War battlefields and other sites connected to the Civil War. The Nature Conservancy has completed over 500 conservation projects in Virginia, protecting over 225,000 acres. The Conservancy's Virginia Chapter owns 31 nature preserves across the state, 11 of which are in the Chesapeake Bay Watershed, totaling more than 4,000 acres.

Land Conservation in Action

Rappahannock River Valley NWR

The Lower Rappahannock River has long been recognized as a critical waterfowl migration and feeding area along the Atlantic Coast. A new National Wildlife Refuge was established to protect the river valley's diverse habitats of wetlands, forests and fields. Working with the Chesapeake Bay Foundation, the Trust for Public Land acquired the first two refuge properties, totaling more than 1,300 acres, using more than \$2.2 million in grants from the U.S. Fish and Wildlife Service's North American Wetlands Conservation Fund. These grants were matched by the acquisition of Belle Isle State Park with 1992 general obligation bond funds, easements donated to the Virginia Outdoors Foundation and a property donated to The Nature Conservancy. In addition, Congress appropriated more than \$5 million in federal Land and Water Conservation Funds to acquire another 3,000 acres.

Turner Farm

Virginia's

Conservation

Achievements

In 1999, the Fairfax County Park Authority (FCPA) acquired a portion of the Turner Dairy Farm, adding 18.75 acres of eighteenth-century agricultural landscape to a Fairfax County park site. The park, which includes an 11-acre Defense Mapping Agency site (DMA) and a 37-acre development dedication, preserves and protects important



PHOTO: BILL PORTLOCK

Rappahannock River Wildlife Refuge.

cultural and natural resources and provides open space as well as passive and active recreational opportunities in the county. The DMA site, a former Nike missile site, was transferred by the DMA to the National Park Service and, under an application for Federal Surplus Property, was subsequently transferred to the FCPA in 1999. The FCPA acquired the adjacent Turner Farm in 1999 using Fairfax County open space bond funds of \$1,781,333 together with approximately \$50,000 of funds raised by a local "Save the Farm" group. This combination of local, federal and private contributions has provided residents with an important addition to the county park system.

Progress Toward Achieving the Goal

ennsylvania, Maryland and Virginia have used a variety of funding mechanisms and state programs, entered into partnership with local governments and private nonprofit organizations, and taken advantage of federal grant programs to protect land in the Chesapeake Bay watershed. As a result, nearly 400,000 acres were protected in the watershed between 1992 and 1999, at a cost of nearly \$600 million in public funds.

The states are responsible for 67 percent (266,000) of the total acres protected and 78 percent (\$468 million) of the total dollars spent over the eight-year period. Private efforts have protected 114,000 acres, or 28.5 percent of the total. Local governments often contributed matching funds to protect land held by the states. Their contribution is obvious from the chart of land preservation expenditures. Local governments spent more than \$75 million in the eight-year period, 13 percent of the total. Finally, federal grants from a variety of programs totaling \$55.5 million protected nearly 18,000 acres in the watershed.

Reviewing the three states' recent land conservation achievements can help guide future actions towards the goal of preserving approximately 1.1 million acres by 2010. If similar trends continue, 28.5 percent of the 1.1 million acres could be protected through private donation and nonprofit activity, leaving around 786,000 acres to be protected through public funding efforts. In the 1992-99 period, about \$600 million in public funds were spent to conserve about 266,000 public acres. The average cost per acre is \$2,255. Using this average cost per acre, an estimated \$1.8 billion in public funds over 10 years will be required to protect 786,000 acres.

This is a very achievable goal, as demonstrated by the public and private conservation accomplishments in the Chesapeake Bay watershed during the past eight years. On average, 50,000 acres per year were protected in the watershed between 1992 and 1999. Maintaining this level of activity and expenditure, it is conceivable that 500,000 will be protected over the next 10 years, nearly halfway to the 1-million-acre goal. Clearly, to permanently protect 20 percent of the land within the watershed, more funding will be needed.

Watershed Land Protected, 1992-99

Thousands of acres 200 ⊣ 153.4 152.2 150 92.3 100-50-Pennsylvania Maryland Virginia Private 113,862 acres 28.6% **Federal** 17,919 acres 4.5% State 266,090 acres 66.9%

Our States' Conservation Achievements

Public Land Preservation Expenditures, 1992-99

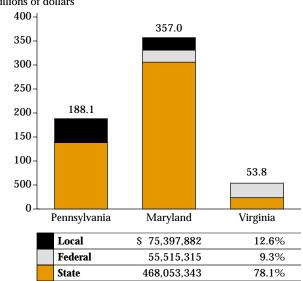
397,871 acres

100.0%

Millions of dollars

Total

Total



\$598,966,540

100.0%

CHAPTER 3

Federal Funding: *Maximizing the Partnership*

conservation actions, federal funding is an invaluable component of the land preservation accomplishments throughout the Chesapeake Bay watershed. This includes funding for federal units such as national parks, forests and wildlife refuges, as well as grants to state and local governments and nonprofit organizations. It will be important to maintain, if not increase, the federal funds available for land conservation within the watershed if the goal of preserving 20 percent of the watershed is to be reached.

At a minimum, states, local governments and non-profit organizations should better utilize existing federal funding programs. The FY 2001 Congressional session brought a significant expansion in funding authorities for land conservation, levels never before seen. The expanded land conservation program, a product of the debate over the Conservation and Reinvestment Act (CARA), provides for \$12 billion in funding during the six years beginning in FY 2001.

An extremely important component of CARA is that while the funding for each category is still subject to annual Congressional appropriations, the minimum levels are "fenced off" and can *only* be used for these purposes. Because the funds cannot be redirected to other programs, and given the extensive public support for these funding programs, it is anticipated that Congress will indeed appropriate these funds in full. An examination of the funding program provided by the FY 2001 budget, particularly when compared to last year, demonstrates the exciting opportunities this increase in federal funding provides for the Chesapeake Bay region.

Other federal funding beyond these programs is also available for land conservation and should be utilized to the maximum extent possible by agencies and organizations within the watershed. These include various programs within the Federal Transportation Act, Farmland Protection Program, Coastal Wetlands Grants, Wetlands Reserve Program (WRP), Army Corps of Engineers funds, Non-point Source Pollution Grants and the Migratory Bird Program. Many of these programs require matching funds, further emphasizing the need for continued and even increased state, local and private funds.

Opportunities to Enhance Federal Funding

Examples of opportunities for expanding the availability of these funds within the watershed include:

- Maximize participation of all three states in the Forest Legacy Program
- Expand use of TEA-21 funds for land and easement acquisition leveraging state conservation dollars to the maximum degree possible
- Where appropriate, increase investment of both federal acquisition and state grants funding through the Land and Water Conservation Fund

The broad public recognition of the irreplaceable resources of the Chesapeake Bay, its international importance, and its model of intergovernmental cooperation will be critical to expanding the financial partnership between the federal government and the states. In the past, other high priority resource areas across the country that have received significant federal funding have been able to demonstrate the need for collective and immediate action. To garner the necessary political support to provide new federal dollars, the states must collaborate to:

- · Clearly define the threat
- · Identify the need
- · Create a positioning strategy
- · Map out an implementation plan
- Demonstrate the availability and commitment for state and local funds to match and leverage the federal investment

There is no better time than the present to enhance the partnerships that have already been established in order to demonstrate the importance of increasing land conservation within the Chesapeake Bay watershed. This will ensure that the federal government continues its commitment to the protection of the Chesapeake Bay and increases its financial resources to meet the growing need for land conservation efforts throughout the watershed.

CARA Annual Minimum Funding Levels

Federal LWCF	\$450 million
Federal and State Land and Water Conservation Fund (LWCF)	540 million
State and other conservation programs	350 million
Urban and historic preservation programs	160 million
Maintenance at federal units	150 million*
Payments in lieu of taxes (PILT)	50 million*
Coastal programs (Dept. of Commerce/NOAA)	400 million

^{*}above otherwise appropriated levels

Federal Funding

FY 2001 Program	
Federal LWCF	\$450 million
Stateside LWCF	90 million
Forest Legacy	60 million
Urban Park and Recreation Recovery (UPARR)	30 million
Urban Forestry	39 million
North American Wetlands Conservation (NAWCA)	40 million
Cooperative Endangered Species Fund	105 million
Historic Preservation	88 million
Dept. of Commerce/NOAA Coastal Programs	420 million
Coastal Impact Assistance	150 million
NOAA National Estuary Reserves,	
Marine Sanctuary, Coastal Zone Management	135 million
Oceans, Coastal Conservation Programs	135 million

CHAPTER 4

Conservation Finance Programs: *Learning from Others*

ecognizing that significant funding will be necessary to accomplish the Bay Agreement commitment to permanently preserve 1.1 million acres over the next ten years, it is instructive to look at examples beyond the watershed. Conservation finance principles and strategies that contribute to effective statewide land conservation are described here. Six approaches are highlighted, followed by examples of conservation funding programs from coastal states outside the Chesapeake Bay watershed.

Of course, no single approach will be sufficient on its own. Participation is necessary at many levels, for one entity or program cannot achieve all goals. Successful land conservation requires an array of funding sources and conservation tools, using top-down incentives and funding as well as enabling legislation to encourage bottom-up leveraging of conservation dollars.

1. Substantial State Investment

The foundation of an effective land conservation program is strong fiscal commitment on the part of state government through a stable revenue source. Substantial state investment fosters program development and long-term vision. Some existing state programs rely on a single revenue stream, while others use a combination of dedicated revenue sources

Revenue Stream Examples

General obligation bonds	California, Rhode Island
Sales tax	Missouri, New Jersey
Lottery income	Colorado, Minnesota
Transfer tax or deed recording fees	Florida, Massachusetts
General fund appropriations	Washington, Arizona

Other common state revenue sources include license plate revenues, hunting and fishing license fees, hotel/motel tax, cigarette tax, state income tax, and oil and gas revenue.

2. Enable Local Financing

Federal and state governments by themselves often cannot meet conservation needs. Communities are looking for local financing options to fill the gap. State enabling legislation makes local governments partners in protecting open space resources.

Common local financing options include:

- · Property tax
- Local option sales tax
- General obligation bonds
- Special assessment district fees
- Impact fees
- Income tax

3. State Incentives for Local Conservation

State incentives for local action strengthen partnerships between state and local governments. Incentives, often in the form of matching grants and low-interest loans, encourage local governments and nonprofit conservation organizations to develop programs and create financing mechanisms to leverage state funds.

4. Purchase of Development Rights

Purchase of Development Rights (PDR) is an effective device for permanent open space and farmland protection. Under a PDR program, landowners place easements on their property in exchange for payment. A PDR program helps maximize conservation dollars while allowing for continued private land ownership.

5. Public-Private Partnerships

Partnerships can be forged that join private desires and public goals to protect natural resources by encouraging private, nonprofit actions that further open space preservation. Public-private partnerships broaden the base of support for land conservation goals and leverage scarce conservation resources.

6. Conservation Tax Credits

State laws can provide income or other tax credits to private landowners who donate land or easements to public or private, nonprofit entities for conservation purposes. Tax incentive programs offer a strong supplement to other open space funding programs by encouraging private, voluntary land conservation. Particularly when combined with existing federal and state charitable deductions, conservation tax credits may make conservation a more attractive option for landowners than development. Tax credits can be targeted to state-specific objectives such as wetlands or farmland protection. In 2000 alone, South Carolina, Colorado and California enacted new tax credit laws for conservation.

Conservation Finance Programs

Select Funding Programs

Maine (Public-Private Partnerships)

In April 2000, the Maine Department of Conservation completed the largest conservation easement transaction in the state's history through a unique public-private partnership of landowners, businesses, government agencies and a host of conservation organizations. As a result, more than 21,000 acres around Nicatous and West Lakes, including 78 undeveloped islands and 30 miles of shoreline, will be protected. The property, containing sensitive wildlife habitat, wetlands and upland forest, will remain undeveloped and accessible to the public. The landowner, Robbin Lumber Company, wanted to reduce its investment in the property. A conservation easement is an economically viable alternative to developing the land, while allowing Champion International Corporation, which owns the timber rights, to manage the lands according to sustainable forestry guidelines. Funding for the purchase of the easement was pooled from state, federal and private sources. Maine's Congressional delegation secured \$3 million from the Forest Legacy Program. The Land for Maine's Future Program, which recently received voter approval for a \$50 million bond issue, allocated \$750,000 toward the project.

Massachusetts (Local Financing)

In 1998, the Massachusetts legislature enacted the Cape Cod Open Space Land Acquisition Program, or Cape Cod "Land Bank," to protect public drinking water supplies and open space and to create trails and recreation areas. The Act passed in each of the Cape's 15 towns through a referendum on the November 1998 ballot. The Land Bank is financed by a 3-percent surcharge on local property taxes that began July 1, 1999. Each town's land bank fund is dedicated for this purpose and accrues interest. Collectively, the funds will provide an estimated \$170 million for land protection over



Conservation Finance Programs

PHOTO: BILL SILLIKER, JR.

Nicatous Lake, Maine.

20 years. In addition, the Massachusetts legislature approved \$15 million in state matching funds, which will supplement locally raised revenues during the first three years. Most Cape Cod communities have bonded against Land Bank revenues in order to buy open space more quickly. Massachusetts' Community Preservation Act, signed into law in September 2000, combines enabling authority with a commitment of state funds to urge communities to implement a local property tax for open space. Each year, 80 percent of state matching funds will be divided among communities that have adopted the Act based on the total amount raised by the local open space tax. The state will match between 5 and 100 percent of local funds depending upon the number of participating communities, so there is an added incentive for cities and towns to move quickly in order to leverage a larger portion of state funds.

New Jersey (State Investment, State Incentives)

The Green Acres Program was created in 1961 to preserve New Jersey's natural, historic and cultural heritage. From 1961 to 1995, voters overwhelmingly approved nine state bond issues, generating more than \$1.4 billion for parks and open space acquisition. Permanent funding for the program was secured in 1998 when voters approved a constitutional amendment dedicating \$98 million annually for ten years from the existing state sales tax, and authorizing the issuance of up to \$1 billion in revenue bonds. In 1989, New Jersey passed landmark legislation that enables counties and municipalities to raise additional local funds by establishing voter-approved Open Space Trust Funds supported by property taxes. Through the Green Acres Planning Incentive Program, the state offers matching funds to communities that develop an open space and recreation plan and approve a dedicated tax for land acquisition. Eligible communities may receive a 50-percent matching grant and a 2-percent interest loan for 20 years to make the immediate purchase of land possible. Proceeds from the local open space tax are then used to repay the loan. Green Acres also provides



PHOTO: KEN SHERMAN

Wertheim Refuge, New York.

matching grants to nonprofit organizations to acquire land for public recreation and conservation purposes. Today, 19 of 21 counties and 144 municipalities have established an open space tax by voter referendum and more than 390,000 acres of land have been preserved with Green Acres funds. The goal, established by Governor Christine Todd Whitman in 1999, is to preserve 1 million acres over ten years.

New York (PDR)

In 1974, Suffolk County, N.Y., became the first in the country to create a Purchase of Development Rights (PDR) program to preserve farmland. The program has protected more than 6,000 acres to date. The county has several distinct programs for protecting farmland, watershed lands, open space and parkland. In 1998, a referendum for a \$62 million bond for open space acquisition passed with 71 percent of the vote. Approximately \$20 million will be dedicated to the purchase of development rights on agricultural lands. In 1999, county voters extended the one-quarter-cent sales tax through 2013, originally approved in 1987, for drinking water protection, acquisition of open space, farmland PDRs, safety and sewers. The tax has generated \$300 million over the past 13 years, and the extension to 2013 is expected to raise an additional \$275 million. The county has received about \$30 million since 1996 in state matching funds through the Farmland Protection Program.

North Carolina (Tax Credits)

North Carolina enacted the nation's first conservation tax credit in 1983, and has become a model for many other states. The state offers a 25-percent tax credit on the value of land or easement donated to public or private nonprofit conservation entities, up to \$250,000 for individuals and \$500,000 for corporations. There is a five-year carryover if credits exceed tax liability in any one year. Approximately 68,000 acres have been protected under the tax credit program. The Clean Water Management Trust Fund, established in 1996, receives general funds based on an annual



PHOTO: WAYNE MORRIS

Mountain Island Lake, North Carolina.



PHOTO: FRANK BALTHIS

Conservation Finance **Programs**

Orrick Ranch, Red Bluff, California.

appropriation by the General Assembly. The state grants this money to local governments, state agencies, and conservation nonprofits for water quality protection or restoration projects, including acquisition of land or easements. The commitment was made to increase the appropriation to at least \$40 million in 2001, \$70 million in 2002 and \$100 million in 2003. As of February 2000, \$162 million had been distributed, of which 45 percent was used for the acquisition of buffers and greenways. Other grants were made primarily for wastewater, stormwater and wetlands restoration projects.

Florida (State Investment)

Florida has made two ten-year commitments to substantial conservation funding. Florida Preservation 2000 was enacted in 1990 pursuant to proposals for increased conservation funding by Governor Bob Martinez's Commission on the Future of Florida's Environment. Under the legislation, \$3 billion in state revenue bonds were issued over ten years. The bonds were backed by revenue from the documentary stamp (real estate transfer) tax. By 1999, over one million acres had been protected by the state and local governments. Governor Jeb Bush made renewed funding a major component of his 1998 campaign, and set the stage for Florida Forever, a successor program to Preservation 2000. Voters then passed a constitutional amendment in November 1998 to extend bonding authority for land conservation and recreation. Like Preservation 2000, Florida Forever provides for \$3 billion over 10 years in revenue bonds for state and local agencies to protect open space. Yet Florida Forever provides greater funding for urban land and parks protection (24 percent, up from 10 percent), and has a greater emphasis on conservation easements.

California (State Investment, Tax Credits)

Governor Gray Davis placed two major bond measures on the March 7, 2000 ballot, both of which passed. The \$2.1 billion Parks. Water and Coastal Protection Act.

approved with 63 percent of the vote, will provide funding for direct protection of land near rivers and lakes, coastal areas, wildlife habitat, urban parks, and other open space. The \$2 billion Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act, which was adopted with 65 percent of the vote, will fund water supply and related open space programs. In June 2000, the California legislature approved the Natural Heritage Preservation Tax Credit Act to provide an additional tool to address open space needs and to safeguard the state's natural habitats. Under this program, a landowner who donates property, or a conservation easement, to provide for the protection of wildlife habitat, open space or agricultural land, will receive a state tax credit of 55 percent of the fair market value of the land. If the credit exceeds the landowner's tax liability, the excess may be carried over in up to seven succeeding years until the credit is exhausted. The Act authorizes up to \$100 million in tax credits to be awarded over the next five years.

CHAPTER 5

New Opportunities for Our Region

hile roughly 1.1 million more acres will need to be permanently protected to keep the commitment forged in *Chesapeake* 2000, the existing array of state, local, federal and private programs is an excellent beginning.

The suggestions that follow should be viewed as a menu of possibilities, to be used in combination with one another and with existing programs to bolster our efforts. The challenge now is to pursue those new or enhanced programs that will enable land conservation successes to increase substantially. There are many approaches for conserving land, and it is important that each state act promptly before those open spaces most critical to the health of the Chesapeake Bay disappear forever.

Pennsylvania

Current Best Practices

- Substantial Funding Source. Pennsylvania has utilized a combination of dedicated taxes, general fund appropriations and voter-approved general obligation bonds to fund land conservation efforts over the past decade. The Farmland Preservation Program was originally funded through a 10-year, \$100 million voterapproved bond, and subsequently supplemented with a 2-cent per pack allocation of the cigarette tax (\$20-\$25 million annually) and roughly \$100 million in Growing Greener general fund appropriations. The Land Trust and Community Recreation Grant are part of a broader range of programs funded originally through a 5-year, \$50 million voter-approved bond and an allocation of 15 percent of the state realty transfer tax (totals \$35-\$40 million annually). These programs also receive some Growing Greener funds.
- ✓ Local Taxing Authority. Act 153 of 1996 authorized municipalities to levy a property tax or earned income tax (of any amount) for the purpose of purchasing open space. The tax may be raised on residents only, and must be approved by referendum. To date, a handful of municipalities have used this authority.
- Local Incentives. The Land Trust Grant Program and the Community Recreation Grant Program both require local partners to provide matching in order to receive a state grant. These incentives have helped leverage extensive activity at the local level. Between 1995 and 2000, the commonwealth provided \$9.7 million in grants to land trusts, matching \$14.1 million in land trust funding. Local governments matched \$4.9 million from the commonwealth with \$14.4 million of their own money.
- Purchase of Development Rights Program. Pennsylvania's Farmland Preservation Program has protected more than 165,000 acres through conservation easements since 1989 at a cost of more than \$350 million in state funds. The Program has prompted dozens of counties to create local farmland preservation programs, which have spent an additional \$37 million.

Enhancement Opportunities

- □ Substantial Funding Source. While Pennsylvania has made significant investments in land conservation, there is ample evidence that demand for land conservation funds far outstrips the supply of funding. Although Growing Greener has provided substantial funding for the Farmland Preservation Program, there are still multiyear waiting lists for that program. The local grant programs were able to meet less than half of the requests for funding, with Growing Greener providing only a small influx of funds. In order to keep pace with demand for land conservation, the state might consider either a voter-approved bond for land acquisition or an increase in the dedication of the state transfer tax. This increase might also be linked to repayment of the bonds.
- Local Taxing Authority. The taxing authority that has been authorized for municipalities to purchase open space should be expanded to allow counties to levy a property tax for acquisition of open space.
- Local Incentives. To increase the number of municipalities (and potentially counties) that have adopted local tax measures for land conservation, the state should consider establishing a revolving loan fund that would be available to local governments that adopt an open space tax measure.
- Public/Private Partnership. There is currently no quasi-state organization that helps facilitate land conservation donations across the commonwealth. Creating such an organization would help bolster the efforts of local land trusts and conserve farmland that might not meet the Farmland Preservation Program's strict standards and targeted geographic scope. In addition, in order to facilitate the protection of forest lands while keeping them under private ownership, a revolving loan fund could be established as part of a state Forest Legacy Program. Such a fund would help private conservation groups protect large tracts of land by assembling small parcels and reselling them to timber companies, with a conservation easement on the property.
- □ Tax Credits. In order to encourage the donation of land or conservation easements on land, Pennsylvania should consider adopting an income tax credit program.

New Opportunities for our Region

Maryland

Current Best Practices

New Opportunities for our Region

- Substantial Funding Source. The transfer tax has served as the dedicated funding source for a wide range of programs (POS, MALPF, Rural Legacy) for three decades, and has been supplemented with bonds for new initiatives like the Rural Legacy Program. As this dedicated fund is spread among more programs, however, it may be increasingly difficult to meet the growing demand. In FY 2001, \$113.2 million will be distributed by the state for conservation purposes: \$97.2 million from the transfer tax and \$16 million in general obligation bonds.
- ✓ **Local Incentives**. Counties that have their farmland preservation program certified by MALPF receive a much higher proportion of agricultural transfer tax revenues collected in their county 75 percent vs. 33 percent.
- Purchase of Development Rights Program. The Maryland Agricultural Land Preservation Program has enabled thousands of acres of farmland to be protected around the state and has resulted in the creation of a network of county agricultural preservation programs. The Rural Legacy Program protects lands of multiple resource values in targeted areas of the state by purchasing development rights and establishing permanent conservation easements on the land. Maryland was the first Bay partner state to enter the federal Forest Legacy Program to further protect forest lands.
- Public/Private Partnership. The Maryland Environmental Trust, a quasi-state organization, has helped facilitate the donation of conservation easements on thousands of acres of land, and has worked in partnership with nonprofit groups to keep land in private ownership. MET's "rescue fund" has helped these conservation groups act quickly to conserve lands at immediate risk from development.

Enhancement Opportunities

- Substantial Funding Source. In addition to maintaining its commitment to allocating transfer tax revenues annually for open space, the state should consider new funding sources including continued use of supplemental bond issues and additional dedication of a portion of the state's general fund surplus for new initiatives, such as a state matching grant program for local governments.
- Local Taxing Authority: Although some Maryland counties have utilized general obligation bonds, general appropriations and the transfer tax, local governments do not have uniform taxing authority. The property tax, income tax or transfer taxes, options commonly used elsewhere, should be authorized.
- Local Incentives. The absence of incentives may account for the small number of local governments that have taken steps to develop their own funding for land conservation. The state should consider an initiative like the Agriculture Land Preservation Matching Grant Act (H186), filed in 2000, which would have provided matching grants up to \$1 million to counties that increase their funding for agricultural preservation. The scope could be expanded to all county conservation programs, not just agriculture.
- Purchase of Development Rights. To meet excess demand for MALPF, the state should consider increasing agricultural transfer taxes and recapturing all lost property taxes on properties sold for development that had received reduced property tax assessments.
- Public/Private Partnership. Maryland should increase funding for the MET revolving loan fund and provide for a rapid approval process through the MET board that will enable MET and land trusts to respond quickly to secure threatened properties.
- ☐ Tax Credits. The state should create an income tax credit for donation of conservation land or easements to any governmental or nonprofit entity. This would go further than H661, the Income Tax Preservation and Conservation Easements bill filed during the 2000 session. That bill allowed such donations only to MET.

Virginia

Current Best Practices

- Local Taxing/Bonding Authority. During the 2000 General Assembly session, legislation was enacted allowing local governments to create, by ordinance, local service districts. The districts have the authority to levy property taxes to fund the purchase development rights as easements for conservation or open space. In addition, municipalities have broad local taxing authority for land conservation. The city of Virginia Beach, for example, has established a dedicated property tax for the acquisition of open space easements under the Open Space Land Act.
- Local Incentives. The Virginia Land Conservation Foundation provides grants to state agencies, including the Virginia Outdoors Foundation, and matching grants to local governments and land trusts across the state to acquire land, open space and conservation easements. Grant requests exceeded available funds threefold for the first two grant cycles.
- Public/Private Partnership. The Virginia Outdoors Foundation, a quasi-state agency, has helped facilitate the donation of conservation easements on thousands of acres of land, and worked in partnership with land trusts and other nonprofit conservation groups to keep land in private ownership. VOF receives funding from the General Assembly through the Department of Conservation and Recreation to pay the costs associated with these transactions and more recently to purchase easements itself.
- ▼ Tax Credits. Virginia approved an income tax credit program in 1999 that provides a credit of up to 50 percent of the value of the donation. The credit will increase from \$50,000 in fiscal year 2000 to a maximum of \$100,000 by 2002, with the credit available for carryover for five years.

Enhancement Opportunities

□ Substantial Funding Source. During the 2001 legislative session, the General Assembly should consider a significant increase in funding to meet the state's extensive land conservation needs. Several legislative proposals have called for \$40 million in funding. A dedicated funding source (such as the recordation tax proposed in 2000 and again in 2001) would provide more certainty of future funding than general fund appropriations. A statewide bond, similar to the successful 1992 bond but addressing the full range of land protection needs, is another option.

New
Opportunities
for our Region

- Local Taxing/Bonding Authority. To expand local participation in land conservation, cities, towns and counties need uniform authority from the General Assembly to issue bonds for land conservation and to levy taxes. The ability of a service district to levy a property tax to purchase development rights should be broadened to include acquisition of land for parks and open space. The authority to levy such a tax should also be granted to counties. (Cities and towns under home rule already have such power.) Another potential revenue option to consider would be a local-option sales tax (.25 percent or .50 percent) for land conservation purposes.
- □ Purchase of Development Rights Program. The state should expand funding for the Virginia Land Conservation Foundation (VLCF) to accommodate the needs of local and state purchase of development rights programs. These programs protect critical farm resource areas and complement Agricultural Vitality programs which provide support for the farming industry.
- Public/Private Partnership. Funding should be increased to VLCF to allow state agencies, including VOF, to cover the transaction costs on more conservation donations. In addition, a "rescue fund" (revolving loan fund) would enable state agencies and land trusts to mobilize quickly to protect land at immediate risk from development.
- □ Tax Credits. After it is fully phased in, the tax credit should be assessed to determine if any modifications are necessary.

APPENDIX

Profile of Federal Programs

Coastal Zone Management (CZM)

Appendix

The federal/state CZM partnership's primary purpose is the management of the nation's coastal resources, which allows for management, enhancement, protection and acquisition of coastal lands.

The Cooperative Endangered Species Conservation Fund (Section 6 of the ESA)

Section 6 of the Endangered Species Act provides grants to states and territories to participate in a wide array of conservation projects in order to conserve listed and nonlisted species on state, private and other non-federal lands.

Forest Legacy

Established in 1990, the U.S. Forest Service's Forest Legacy Program provides federal funding to states to assist in securing conservation easements on forest lands threatened with conversion. The program allows for the achievement of conservation goals while maintaining resource-based economic uses on the land such as timber harvesting.

Land and Water Conservation Fund (LWCF)

Created by Congress in 1964, the LWCF federal program funds the purchase of land and water areas for conservation purposes with federal revenues obtained primarily from offshore oil and gas drilling. These funds are used to acquire and protect new national forests, parks, wildlife areas and other public lands.

Migratory Bird Conservation Fund

The Migratory Bird Conservation Fund provides additional funds to acquire migratory bird habitat and waterfowl production areas within national wildlife refuges.

National Coastal Wetlands Conservation Grants

The U.S. Fish and Wildlife Service provides matching grants to designated state agencies to acquire, restore, enhance or manage coastal wetland ecosystems.

The North American Wetlands Conservation Act

Administered by the U.S. Fish and Wildlife Service, NAWCA funds projects in the United States, Canada and Mexico to acquire, enhance, and restore wetland ecosystems for waterfowl and other migratory birds. NAWCA's purpose is to encourage voluntary, public-private partnerships to conserve wetland ecosystems.

National Oceanic and Atmospheric Administration (NOAA)

NOAA, under the National Estuarine Research Reserve System (NEERS) Sanctuaries and Reserve Division, provides matching grants to states for land acquisition, education, facilities development and research. State outlays of funds typically exceed federal outlays.

Pittman-Robertson Act

The Federal Aid in Wildlife Restoration Act, popularly known as the Pittman-Robertson Act, provides funding for the selection, restoration, rehabilitation and improvement of wildlife habitat, wildlife management research, and the distribution of information produced by the projects. Funds are derived from an 11-percent excise tax on sporting arms, ammunition and archery equipment, and a 10-percent tax on handguns. The program is a cost-reimbursement program, where the state applies for reimbursement through Federal Aid for up to 75 percent of the project expenses. The state must provide at least 25 percent of the project costs from a non-federal source.

Stateside LWCF

The LWCF state matching grants program provides funds to states for planning, developing, and acquiring land and water areas for state and local open space, natural resource protection and recreation enhancement.

Transportation Efficiency Act for the 21st Century (TEA-21)

The federal transportation program, TEA-21, provides states with funds to acquire land for historic preservation, trails, scenic beautification and water pollution mitigation related to surface transportation through the Transportation Enhancement (TE) program and for bike and pedestrian trails through the Congestion Mitigation and Air Quality Improvement (CMAQ) Program.

Urban Park and Recreation Recovery Program (UPARR)

Enacted in 1978, UPARR is an urban complement to the Land and Water Conservation Fund. UPARR's purpose is to provide direct federal assistance to urban localities for the rehabilitation of recreational facilities while encouraging the continuing operation and maintenance of recreational programs.

The USDA Wetlands Reserve Program (WRP)

WRP is a voluntary program for private landowners to restore and protect wetlands through the sale to USDA of permanent easements, 30-year easements or 10-year restoration cost-share agreements.

About The Chesapeake Bay Commission (CBC)



The Chesapeake Bay Commission is a tristate legislative commission created in 1980 to advise the members of the General Assemblies of Maryland, Virginia and Pennsylvania on matters of Bay-wide concern. Twenty-one members define the Commission's identity and its

workload. Fifteen are legislators, five from each state, complemented by three cabinet-level secretaries directly responsible for the management of their respective state's natural resources and three prominent citizen leaders. Its members work on a broad array of issues, delving into matters of air, land, water and living resources, and the integrated management of all of them. The Commission is a partner and leader in the multi-jurisdictional Chesapeake Bay Program, known for its ability to explore new ideas and negotiate shared solutions.

About The Trust for Public Land (TPL)



The Trust for Public Land is a national nonprofit land conservation organization TRUST that specializes in conservation real estate, R applying its expertise in negotiation, public PUBLIC finance and law to protect land for people. TPL seeks to improve the quality of life in communities and to protect natural and historic resources for future generations. Founded in 1972, and based in San Francisco, TPL has protected more than 1 million

acres of land valued at \$1.8 billion nationwide. TPL's Chesapeake Field Office has protected almost 10,000 acres of land throughout the Chesapeake Bay watershed, from urban oases to wildlife refuges, in partnership with local nonprofit organizations and local, state and federal government.

About Our Partnership

By working together, the Chesapeake Bay Commission and the Trust for Public Land have successfully joined the resources and expertise of two organizations. The Commission offers a solid understanding of the Chesapeake Bay Program, the three states involved, and an accurate assessment of the political and social climate of the region. The Trust for Public Land provides well-seasoned experience in land conservation, both regionally and nationally. Its staff offers strong knowledge of conservation financing programs and an understanding of what works best and why. The Chesapeake Field Office has worked in the three Bay states, offering a strong knowledge of existing state and local programs. The expenses for this project have been shared.

Chesapeake Bay Commission

*Policy for the Bay*60 West Street, Suite 200

Annapolis, MD 21401

Phone: 410-263-3420

Fax: 410-263-9338

www. chesbay. state. va. us

The Trust for Public Land

Conserving Land for People 660 Pennsylvania Avenue SE, Suite 401

Washington, DC 20003

Phone: 202-543-7552

Fax: 202-544-4723

www.tpl.org