



FORESTLAND CONSERVATION REVIEW

April 2013



State Forester Carl Garrison and Deputy State Forester Rob Farrell present conservation easement sign to the Lane family.

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FROM THE DIRECTOR

Welcome to the first edition of the Division of Forestland Conservation newsletter. We felt it was important to begin telling our stories about the new and emerging opportunities that the forestry profession will embrace in the coming decades. These opportunities enhance the relevancy of the forests of the Commonwealth and ensure that working forests remain an integral part of Virginia's landscape for decades to come.

The article "VDOF... Looking Back... Looking Forward," authored by Larry Mikkelson, does a good job of framing the evolution of the agency from a career VDOF forester's perspective. On a parallel, we hope this newsletter and future editions yet to come do a good job of creating a clearer vision of how the VDOF is addressing emerging issues important to forestland conservation and the forestry profession.

The division is small with a staff of five. However, the work we do intersects the missions of and requires interaction with river basin commissions, universities, non-governmental organizations, federal and local governments, planning district commissions, forest industry, sister state agencies and the corporate sector. In future newsletters, the reader will learn about agency initiatives such as bioenergy, voluntary mitigation successes, InFOREST innovations, ecosystem services, and international marketing.

We welcome your thoughts, comments and suggestions on our newsletter.

Buck Kline, Director
Forestland Conservation Division

INTRODUCTIONS

By Buck Kline



Greg Evans

Greg Evans joined the Forestland Conservation Division as its new voluntary mitigation program manager. He comes to the VDOF following a 35-year career in the federal government and the private consulting industry where he focused on complex environmental policy and management challenges. His federal government service included working for the US Congress, White House, EPA and the Dept. of Energy. As a senior professional in the private consulting industry, he supported and managed efforts for the Dept. of Energy, the Dept. of Defense and the USDA Forest Service.



During the same period, Greg was active in Virginia serving in various elected and appointed natural resource and conservation-related capacities at the local, regional and state levels (including chairing the Fairfax County Park Authority Board, the Potomac Watershed Roundtable, the Virginia Association of Soil and Water Conservation Districts and the Chesapeake Bay Local Assistance Board). In 2010, with his children all grown, he retired from the consulting world and returned to school to earn a master's degree in natural resources from Virginia Tech with the goal of beginning a new career focused exclusively on natural resources in Virginia.

Land conservation is important to Greg. Before joining the VDOF, he worked with or supported the Agency on many initiatives in his various Virginia capacities. Being a resident of urban Fairfax and loving mountains, he always enjoyed escaping the city and coming to meetings at VDOF's Charlottesville headquarters, never thinking he'd ever have the opportunity to actually work there.

"I grew up playing in the woods behind my house," Greg said. "It was my world. Losing that forest to development when I was 12 made a big impression on me, and that has influenced what I have done throughout my career. Having the opportunity now to contribute directly to the Dept. of Forestry's effort to slow the rate of forest conversion in Virginia is something I really want to do. I'm glad to be here."

Greg knows that building a robust voluntary mitigation program will not be easy, but the importance of the effort for countering the growing forest conversion trend in the Commonwealth makes it a worthwhile and important effort – and one to which he is committed. He has spent much of his career involved in efforts meant to change existing paradigms to achieve a public good – what he calls "mission impossible" assignments. That experience has made him an eternal optimist that there is often a way, one just has to be flexible and find the right path and motivators. He believes in VDOF's mitigation goals and enjoys being a member of the team charged with making them a reality.

M. Beth Burnam

M. Beth Burnam became the new Central Region forestland conservation specialist in December of 2012. She is working to develop new conservation easements and help to steward more than 80 easements already held by VDOF.

Beth comes to VDOF after seven years with the Piedmont Environmental Council (PEC) where she worked on conservation easements, land-use advocacy and historic preservation and education. The Madison County resident has degrees in botany/chemistry (University of Delaware) and landscape architecture (North Carolina State University) and has worked for more than 20 years as a landscape architect, furniture designer and small business owner prior to her PEC position.

She said, "I am a recovering tree hugger. For years, intensive timber harvesting has challenged all that is good and holy in my view. But the past five years, working with people whose passion is the intersection of conservation and timber growing, have convinced me of the need to conserve, manage and promote working forests. It's local wood, local money for schools and local jobs—all important."

"I can't imagine a better job—I get to visit forestland all over the state; talk with landowners who love their land; work with field foresters who know an incredible amount about their craft, and labor at a job I believe makes a difference in the world. And all the people I've met in VDOF are outstanding to work with."

VDOF.. LOOKING BACK.. LOOKING FORWARD

By Larry Mikkelson



In the late 1970s, when I received an offer of employment from the Virginia Division of Forestry and arrived in Virginia, the VDOF was a different agency with different practices and different tools. We were a Division of the Department of Conservation and Economic Development. The Department name changed over time to become the Dept. of Conservation and Historic Resources, and then the present-day Dept. of Conservation and Recreation, but we remained the Division of Forestry for some time, concentrating our work on forest fire suppression and forest management practices. We were the laborers for wildfires and forest management in Virginia.

District organization and management was different. There was a two-year "internship" before newly-hired foresters could earn a forester position in the agency, and first you had to pass the dreaded written and verbal test administered by the state forester and other headquarters staff. Current-day forestry technicians had the title of chief forest warden and were mostly local folks who knew how to run a bulldozer, and many of whom also farmed. There were nine districts (later to become regions), with a fire chief and a management chief in each district. Foresters were supervised by the district management chief; chief forest wardens were supervised by the district fire chief. Oh, and there were no female field personnel.

The agency headquarters was different. A building at Alderman and McCormick roads on the UVA campus housed the fire branch, the management branch, the information and education branch, the insects and disease branch and, of course, payroll. Also in Charlottesville were the adjoining shop that manufactured Smokey Bear costumes, the current-day mechanic shop and an agency warehouse, which sat near the location of the current HQ building (a tree nursery in the early 1900s) on agency-owned property.

Field life was different. Pickup trucks came only with standard equipment from the manufacturer (either Dodge or International Harvester, whichever was low bidder). This meant manual transmissions, no AM or FM radio, no 4WD and, of course, no air conditioning. The trucks were dark green, for which they did pay extra. We had JD-350 dozers with three-cylinder gas engines; lucky counties had JD-450s with diesel engines and hydraulic clutches. County personnel formed work teams to mark pulpwood for thinning using backpack, hand pump, paint guns and five-gallon buckets of paint. Water quality work was non-existent, except to notice that some loggers were making a mess. Agency personnel burned and planted tens of thousands of acres annually, and sprayed many of those acres with 2,4,5-T (somehow related to Agent Orange, but without the dioxin).

Office life was different. There were no plain-paper copiers; County offices had typewriters, with carbon paper and white-out. District offices were lucky enough to have 3M-brand copiers, where the letters were burned on to special yellowish paper, and of course a mimeograph machine. No computers in any offices until the early '80s when the agency paid for an IBM Displaywriter (a word processor) for one secretary in each district. VDOF had entered the electronic age. No Internet, but we had televisions with rabbit-ear antennas in some of the quarters with three channels. Many offices had rotary-dial phones and a few had the

"modern" touch-tone ones.

Some folks held back by believing, for example, that field forestry was no place for women, or that computers were for secretaries, not foresters. Others forged ahead, like those who figured out ways to make those IBM word processors do much more than they were designed to do. And the agency moved forward.

I now find myself part of the recently-formed Division of Forestland Conservation. In this division, we use words and phrases not heard only a few years ago. Words like voluntary forest mitigation, ecosystem services, carbon sequestration, payment for watershed services, environmental lift, conservation easements, forest conservation value, nutrient credit trading, InFOREST and environmental impact reviews. New partnerships are being created and others strengthened as we begin to explore how we interact with other agencies, such as the State Corporation Commission, Dept. of Environmental Quality, Dept. of Defense, Federal Highway Administration, etc. Look backwards 10 or 20 years for a feel of where we were; look at where we are now, and then fast forward 10 or 20 years into the future and imagine the opportunities this new division, and our department, will embrace.

Thirtyplus years in the VDOF (like everywhere else) can encompass many changes. I guess it doesn't really matter what tools (or words) we currently use, or those yet to come, so long as we don't dwell on the days of green International Harvester pickups and rotary dial phones, but instead eagerly anticipate what the future will hold (maybe hovercraft and cloaking devices?). We must simply set our sights on the future and how to best accomplish our agency's mission.

VDOF EASEMENTS PROTECTED MORE THAN 5,000 ACRES IN 2012

By Mike Santucci



The VDOF permanently protected 5,040 acres of open space through 17 conservation easements in 2012 – a pace of roughly three-quarters of an acre every hour. Last year's results were slightly more than our annual average during the last five years of 15 easements on 4,543 acres.

Conservation easements are voluntary agreements between private landowners and a qualified holder, such as VDOF, that restrict future development while encouraging rural land uses, such as forest and wildlife habitat management, farming and recreation. Landowners who donate easements can receive state and federal tax benefits. The VDOF working forest easement program focuses on protecting large blocks of forestland, protecting the interest and potential to manage forests and their ability to provide a sustained flow of natural goods and benefits.

Our 2012 easements fully reflected that goal. The average easement size was 296 acres; this is in line with the average easement size of 307 acres during the past five years. The smallest easement we recorded in 2012 was 49 acres and the largest was 2,348 acres, which is now the largest easement we steward. Our 2012 easements were 96 percent forested; 92 percent of the forestland is considered high forest conservation value (FCV). In total, 31.5 miles of watercourses were protected by our easements. At least half of the easement properties contained known natural heritage resources as well.

Our program continues to grow. We recorded easements in Albemarle (3), Amherst (2), Gloucester (2), Grayson, Halifax, Isle of Wight, King William, Lunenburg, Madison (2), Northumberland, Southampton, and Sussex Counties. The 2012 easements in Madison, Southampton, and Sussex Counties represented our first in those localities. We now hold easements in 39 counties and the City of Suffolk. Albemarle, Amherst, Grayson, and Halifax counties all joined Rappahannock County as the localities with the most VDOF easements (five). We have four easements each in Dinwiddie, Greene and King William counties.

We utilized four funding sources to support the easement program this past year: Forest Legacy, Tomorrow Woods, Forests-2-Faucets, and Trout Unlimited's Coldwater Land Conservancy Fund. A successful conservation program is not an independent effort. The list of cooperators with whom we worked is extensive, and includes (and probably isn't limited to): Blue Ridge Foothills Conservancy, Central Virginia Land Conservancy, Conservation Partners, DCR, Isle of Wight County, Piedmont Environmental Council, The Nature Conservancy, Trout Unlimited and VOF. Referrals came not only from VDOF field staff, but also from satisfied previous donors, attorneys and appraisers who have worked on our easements, as well as the aforementioned partners.

With the reinstatement of enhanced federal tax incentives, and possible changes to Virginia's Land Preservation Tax Credit Program, 2013 is shaping up to be a very active year. The first easement of 2013, a 272-acre donation on Roberts Mountain in Nelson County, has already been recorded, breaking the 25,000-acre benchmark for our young program. We fully anticipate reaching 100 recorded easements later this year.

No two easements are ever the same, and each one presents its own opportunity for creative thinking and problem-solving. Through the support and efforts throughout the agency, we continue to grow our land conservation program into one of the most active and well-respected in the state.



THOUSANDS OF ACRES CONSERVED BY FOREST LEGACY DURING LAST DECADE

By Larry Mikkelson



The Forest Legacy Program, the land conservation grant program funded by the State and Private Forestry arm of the U. S. Forest Service, has helped VDOF (and other state agencies) conserve thousands of acres over the past decade.

In 2003, the first Legacy easement in the state – held by the Virginia Outdoors Foundation since VDOF’s land conservation program had not yet been created – was recorded in King William County. Next came an easement in Rappahannock County – the first one held by VDOF – acquired with Legacy funding in 2004. Another Rappahannock easement followed in 2005.

VDOF’s largest Legacy easement at the time (1,100+ acres in Halifax County), acquired in 2005, buffers the Staunton (Roanoke) River. A second Legacy easement along the Staunton in Halifax closed in 2008.

2010 was a busy year for Legacy as three properties (totaling more than 1,000 acres) along the New River in Grayson County were conserved with easements, followed by a fourth in 2011 and a fifth in 2012. Also during 2012, an easement in Southampton County along the Nottoway River, and a 2,300+ acre easement in Isle of Wight County along the Blackwater River, jointly held with DCR, were both acquired with Legacy funding.

Several VDOF state forest properties, and two tracts owned by DCR, have been acquired through the program since 2005. The first state forest property funded by Legacy was the 2,100-acre Sandy Point State Forest in King William County, acquired in 2005. The second, in 2007, was the first 1,800-acre portion of Dragon Run State Forest in King and Queen County. The 2,200-acre Big Woods State Forest in Sussex County followed in 2010, providing the first state forest property in the southeastern part of the Commonwealth.

Two properties that have become part of Natural Area Preserves managed by the Natural Heritage Division of DCR were acquired in 2011 and 2012 with Legacy funds. They are a 400+ acre addition to the Chubb Sandhills Natural Area Preserve in Sussex County, and a 1,500+ acre portion of the South Quay Sandhills Natural Area Preserve in the City of Suffolk. This property just closed in late December 2012.

Overall, the Forest Legacy Program has been very successful in Virginia and has conserved 12 easement properties, totaling more than 5,800 acres, and funded the purchase of more than 8,100 acres of state forest or natural area preserve property.

While current budget factors make the program increasingly competitive for shrinking Federal dollars, the program remains an important tool for land conservation efforts nationwide. Virginia has historically benefited from the program, with VDOF receiving grant funds each year from 2001 through 2010, and continuing to utilize the program as one method of conserving working forestlands and protecting them from conversion to non-forest uses.

FAMILY FOREST LANDOWNERS HOLD THE KEY TO SUSTAINING VIRGINIA'S WOODLANDS

By Mike Santucci



Forest Transition Planning Workshops Making a Positive Impact

Nearly two-thirds of Virginia's woodlands (10.1 million acres) are in the hands of more than 373,000 family forest owners. These family woodlands are relied upon for not only the sustained flow of forest products, but for invaluable natural benefits, such as clean air and water, wildlife habitat and overall quality of life.

The management and conservation decisions made by family forest owners play a crucial role in maintaining a viable forestland base in Virginia. Most family forest landowners have a connection with their land, and they generally feel strongly about three things when it comes to their forests. First, they love their woods and have a meaningful natural resources ethic. Second, they want to "do the right thing" with their woods by applying their ethic through informed and planned management, such as a Forest Stewardship Management Plan. And finally, they often view their woods, and the effort that has gone into acquiring, managing and maintaining them, as family heirlooms they want to leave as a legacy to their heirs.

Passing the family forest on to the following generation can present a challenge. While many forest landowners want to pass their forestland on to family members, few have taken the necessary steps to make that happen. Studies show that only three percent of family forest landowners have a plan in place to successfully transition their forestland to their heirs. This is crucial because further scrutiny repeatedly shows that forestland is at most risk to conversion when it passes from one generation to the next. As a result, forest landowners stand to lose more than just the property out of the family. Their family heritage, as well as a portion of the wealth they have accumulated over the years, is also at risk.

To respond to these issues, "Focusing on Land Transfer to Generation NEXT" is an annual 12-hour in-depth short course started as a pilot project in 2009 and repeated in multiple locations. The program draws from national succession planning curricula and utilizes the expertise of private legal and financial professionals, conservation specialists and extension agents who have developed new material and initiated participant planning. The workshop content presents available options and addresses family dynamics so landowners can transfer not only the family forest, but the associated legacy with it, to the next generation.

This year will mark the fifth year in which the award-winning program will be held. Response to previous programs indicates an encouraging impact. A total of 121 individuals representing 77 families have participated to date. A vast majority of participants indicated the workshop would increase the likelihood of their property staying in the family (84 percent), and remaining in woodland (74 percent). Workshop participants estimated an average family savings of \$625,000 as a result of the program. Follow-up surveys revealed that more than three-quarters of the participants had begun forestland transition planning in the six months following the course. As these landowners continue executing their plans, 47,000 acres of Virginia's forestland are expected to remain sustainable, family-owned and intact.

We've hosted the program in Charlottesville, Warrenton, Palmyra and Staunton. The 2013 offering will be held August 13th and 20th in Fredericksburg. Registration, which will open in the coming months, is limited to 50 participants. For further information, contact Adam Downing of Virginia Cooperative Extension at (540) 948-6881 or Mike Santucci of the Virginia Department of Forestry at (434) 220-9182.

PAYING LANDOWNERS FOR WATERSHED SERVICES

By Buck Kline

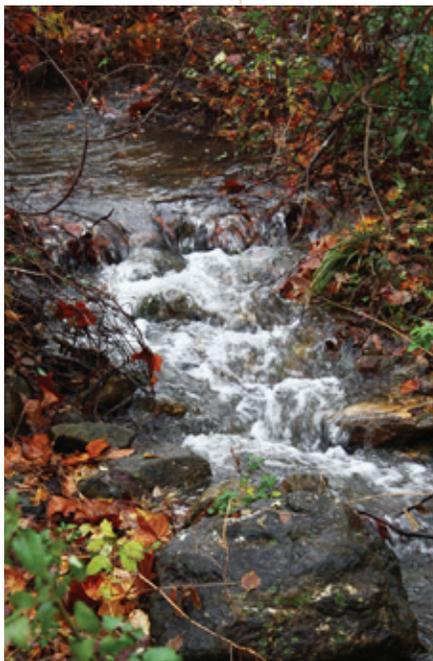


In the Rivanna River Basin, a unique Payment for Watershed Services (PWS) program is being piloted by the Virginia Department of Forestry. This effort is part of a grant initiative funded by the U.S. Endowment for Forestry and Communities (Endowment). The purpose is to link the financial interests of landowners in the river basin and their forest management practices to the urban consumers of the water supply generated from rural lands. With support from the Endowment, the PWS concept is also being piloted in the Neuse River watershed in North Carolina and the Upper Delaware River Basin.

The Rivanna River Basin project kicked off with a series of stakeholder meetings. The purpose of the meetings was to explore funding levels and contract requirements for forest management practices; prioritize project areas in the watershed based on nutrient and sediment loading, and explore ways to make economic comparisons between green (forestry) and grey (dredging reservoirs) infrastructure. Stakeholders included Piedmont Environmental Council, Blue Ridge Homebuilders Association, The Nature Conservancy, City of Charlottesville, Rivanna River Basin Commission, County of Albemarle, Rivanna Water and Sewer Authority, Conserv, Farm Bureau, Thomas Jefferson Soil and Water Conservation District and the Virginia Department of Forestry.

Approximately 235,000 people call the Rivanna River Basin home. Parts of six counties (Albemarle, Fluvanna, Greene, Nelson, Louisa and Orange) and the city of Charlottesville are found here. About 72 percent of the basin is forested. Most of the headwaters of this 760-square-mile watershed is forested and is protected by the Shenandoah National Park. The balance of the forestland is owned primarily by non-industrial private forest landowners. Providing financial incentives to these forest landowners is critically important in maintaining the desired level of forest cover in the basin necessary to sustain good water quality.

To date, nearly \$225,000 has been committed to landowner payments on more than 10,000 acres. Funding was provided for pine and hardwood plantings, forest stewardship management plans, and matching the Riparian Buffer Tax Credit. In addition to landowner payments, VDOF contracted with Conserv (<http://conservationrealestate.org/>) to develop a model that enables users to make economic comparisons between forestry practices (tree planting and conservation easements) and reservoir dredging. Enhancing and conserving forest cover leads to lower levels of sedimentation and, therefore, lower dredging costs. This model has been used to facilitate discussions within the community regarding the effectiveness and, hopefully, the sustainability of the effort beyond the life of the grant.



The project has informed local governments, water authorities, environmental entities and landowners on the value of forests and the ecosystem services they provide. In this educational process, special emphasis was placed on the environmental value-added contributions that occur when investing in green infrastructure versus only utilizing engineered technologies to accomplish the same end. Expensive, engineered technologies address the pollutant of concern, but often contribute little to improving other environmental values, such as air quality, biodiversity or carbon sequestration. The project's intent was to

show how expenditures in green infrastructure can complement expenditures in grey infrastructure. This is a success story the forestry community desperately needs to tell.

More information about the Forests to Faucets program can be found at <http://foreststofaucets.info/> or by calling Buck Kline at 434-220-9035.

VIRGINIA GROWN FOREST PRODUCTS PROGRAM

By Charlie Becker



Are you interested in helping forestry and forest industry in Virginia to grow and prosper? Would you like to see more people using locally grown and made forest products? Are you aware that when people buy locally grown products that it generates more jobs and helps the Virginia economy? If so, you will be interested in the Virginia Grown Forest Products Program.

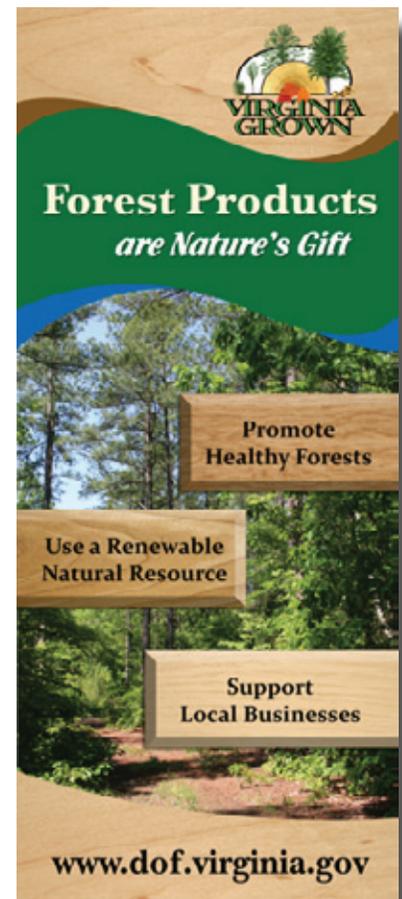
Created last year as a response to ideas generated from the Forest Industry Roundtable on ways state government could assist Virginia's forest industry, and through a joint effort of VDOF and the Virginia Department of Agriculture and Consumer Service (VDACS), along with support from forest industry and associations, the program's goal is to promote Virginia's forest products and industry, and inform customers on the value of using Virginia Grown products. The program is an extension of VDACS' successful Virginia Grown program that promotes locally grown and/or harvested agricultural and horticultural crops, livestock and seafood.

A new Virginia Grown Forest Products logo has been developed for use by Virginia's businesses, manufacturers and others who are interested in marketing Virginia's forest products. To assist in this effort a Virginia Grown Forest Products section has been added to the VDOF webpage to promote the program and to provide a place where companies will be able to list their products and order marketing materials. <http://www.dof.virginia.gov/vagrown/index.htm>

Display materials, such as banner-ups and zoom flags, are also available for VDOF employees to use at events, workshops, etc. Each region has been provided a banner up and other materials can be requested from headquarters. Soon, VDOF employees will also be able to order a polo shirt with the new logo using their uniform allowance.



For more information about the program, contact Charlie Becker (434.220.9115) or Kristi Woodie (434.220.9138).



FOREST CERTIFICATION AND VIRGINIA'S FORESTS

By *Charlie Becker*



As the agency responsible for protecting and developing healthy, sustainable forest resources in Virginia, it is important that we have the latest information to assist landowners and other stakeholders. One area that is becoming more important is certification of forestlands and forest products. This is being driven by people who are becoming more concerned about where their products come from and the environmental impacts they may have. With more people living in urban areas and products coming from around the world, consumers are demanding that companies provide proof that their products are not destroying the environment. To address these concerns, organizations have been developed that audit how companies obtain their resources and the potential impacts they have. Although the concern covers all types of products and sources, forests are a major player. In the U.S., the major forest certification programs are Tree Farm and the Sustainable Forestry Initiative (SFI), which fall under the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC).

To provide leadership and assistance to forest landowners, the VDOF is working on a number of issues involved with forest certification in Virginia. VDOF has been awarded two USDA Forest Service grants to investigate barriers to landowner participation in forest certification programs and to develop educational programs and pilot projects to try to address them. Working with Virginia Tech, a survey of forest landowners, loggers and primary forest products manufacturers was conducted to determine their awareness, knowledge and issues dealing with forest certification. The results and analysis of the survey can be found on the VDOF website at http://www.dof.virginia.gov/econ/resources/ppt_Forest-Cert-Survey-Results_2011-12.pdf.

One of the main themes that came from the study was a general lack of knowledge about forest certification and what it involved. In a number of cases, instead of seeing certification as assurance of well-managed sustainable forests, it was thought to mean a higher qualified logger or wood products that were superior in strength or function to non-certified products. To address this issue, we are working with Virginia Tech and other partners to develop educational materials and workshops on forest certification. There is now a certification section on our website that provides a lot of background information at <http://www.dof.virginia.gov/econ/forest-certification.htm> and a VDOF brochure about forest certification that is available to landowners and others. The Virginia Cooperative Extension will soon publish a more extensive publication on certification. Educational materials are also being developed to provide loggers and forest industry with more information. This is necessary because, for a product to be certified as coming from sustainably managed forests, it must be tracked from forest to final sale in a process called chain-of-custody.

To help provide VDOF and other agency professionals with information and materials to educate others, we are planning train-the-trainer workshops in May 2013. These workshops will provide the latest information on certification programs in

Virginia and how landowners can get involved. They will also be used to begin determining the best places for and types of landowner education programs on certification. Additional train-the-trainer programs for forest consultants and others are also planned.

As part of the effort to reduce landowner barriers to participate in certification programs, there will be a couple of pilot projects. One will look at ways that we can use IFRIS and other records that we keep to track forest management plans and activities for landowners. Recordkeeping is a key part to making sure that landowners are following their management plans and keeping in compliance with certification program criteria. The second pilot project will include a meeting in Southeast Virginia with landowners interested in certifying their lands with companies that are interested in purchasing certified wood. This will provide an opportunity for wood producers and users to discuss opportunities to increase certified forest and products in Virginia. If successful, it will be duplicated in other areas.

Another project is VDOF's leadership in promoting efforts to certify state lands. Lead by Harvey Darden, VDOF's director of state lands, the agency is working with partners and other stakeholders on the various options to certify our state forests and other lands. If successful, it would be another example of Virginia's commitment to promoting healthy, sustainable forests for the citizens of the Commonwealth.

For more information, contact Charlie Becker at charlie.becker@dof.virginia.gov or 434.220.9115.

NEW VOLUNTARY FOREST MITIGATION PROGRAM LAUNCHED

By Greg Evans



At the end of 2012, VDOF launched a new statewide forest mitigation program focused on three categories of mitigation: preservation, restoration and creation. This program is a direct result of Virginia losing 16,000 acres of forestland to conversion annually (based on a rolling 10-year average using FIA data through 2010). In addition, the last three governors have each adopted robust goals to substantially increase the amount of open space in the Commonwealth to combat, in part, this loss of valuable forestland. Conserving forestland and improving forest productivity is critical to maintaining functioning forest ecosystems and providing the forestland that sustains the Commonwealth's robust forest industry – a \$27.5 billion annual economic engine.

VDOF uses mitigation projects to compensate for unavoidable disturbances or impacts to Virginia's forests. Mitigation responses generally include avoidance of forest conversion through planning; restoration of the forest resource; creating new forests, or an in-lieu payment with the funding used to carry out the mitigation response. The VDOF program is targeted at state agencies, localities, federal installations, industrial users, developers and others. By working through the Department of Environmental Quality, the State Corporation Commission (SCC) and with the Virginia Department of Transportation (VDOT), VDOF is able to review private and public sector proposed development plans and projects while they are still on the drawing board. This gives VDOF the opportunity to offer planning, design and construction site recommendations that incorporate best management practices and stewardship planning to conserve forests.

However, on-site mitigation efforts alone are insufficient to stem the tide of forest conversion, and Virginia is not alone in experiencing the problem. Off-site voluntary mitigation is needed as well. The USDA Forest Service estimates that suburban encroachment will lead to 12 million acres of southern forests being converted to development between 1992 and 2020. An additional 19 million acres of southern forests will be converted between 2020 and 2040. In addition to the impacts of lost fiber production on the forest industry, forest conversion represents a significant loss of ecosystem services and benefits. Forests improve water quality by slowing the rate at which rainfall runoff flows to rivers and streams and trapping, using or breaking down some of the pollutants and nutrients that are harmful to water quality; reduce flooding and low flow events by intercepting runoff and encouraging infiltration; improve groundwater quality by increasing the amount of rainfall runoff that percolates into the soil and replenishes a principal source of drinking water, and by breaking down or capturing toxins; improve air quality, especially in the summer when air quality is often compromised, by lowering temperatures, filtering dust and absorbing ozone, carbon monoxide, sulfur dioxide, nitrogen oxides, airborne ammonia and heavy metals, and by releasing oxygen; help counteract the greenhouse effect and global climate change by taking carbon out of the atmosphere and storing it in the form of wood; reduce erosion and help the soil recuperate where trees are planted; reduce summer temperature extremes and air conditioning costs by providing shade and the cooling effects of evapotranspiration,

particularly in the cities; increase crop and livestock productivity and soil sustainability by sheltering fields with windbreaks; diversify rural economies by providing income from harvesting forest products such as pulpwood, and lumber for houses, furniture and other forest products; provide habitat for wildlife; preserve and increase the diversity of plants and animals (biodiversity), which in turn improves the overall health of a community ecosystem, and contribute to a quality of life that makes an area a desirable place in which to live and to establish business.

These estimates of forest conversion and the related environmental and economic impacts create a tremendous driver for mitigation responses.

To confront the challenge, VDOF was recently awarded a two-year grant by the US Forest Service and is leading an effort that South Carolina and Georgia will also be participating in to develop a pilot voluntary mitigation program to address conversion of forestland to more intensive land uses. VDOF's goal is to create a sustainable forestland mitigation program that financially links the forest landowner to the pressures of land conversion brought on by urbanization and other development pressures.

In developing the voluntary mitigation program, VDOF is identifying the drivers of forest conversion and developing strategies that capitalize on those drivers for voluntary mitigation opportunities. Those drivers are expected to include federal ecosystem services related policies and guidance; localities that

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CONGRESS REAUTHORIZES ENHANCED TAX BENEFITS FOR EASEMENT DONATIONS

By Mike Santucci



As a part of the recent “Fiscal Cliff” legislation, Congress re-authorized the temporary enhancement of the charitable gift deduction for conservation easement donations. Through the end of 2013, and retroactive to January 1, 2012, conservation easement donors will be able to deduct the value of their gift (easement value) on their federal income tax returns at the rate of 50 percent of Adjusted Gross Income (AGI). Unused amounts may be carried forward for up to 15 years. The rate of deduction is 100 percent for qualified farmers, ranchers and forest landowners. This enhanced easement incentive helps modest-income landowners realize greater tax benefits for their generous donations. These increased benefits are set to expire Dec. 31, 2013, and, unless Congress takes further action, will revert to the standard charitable gift deduction rate of 30 percent of AGI with a five-year carry forward of any unused amount.

At the state level, the Land Preservation Tax Credit (LPTC) program remains unchanged, although it has come under more intense scrutiny this past General Assembly session. Donors are given an LPTC in the amount of 40 percent of the easement value. They can use tax credits against their tax liability up to \$100,000 per year (previously \$50,000 per year.) Virginia caps the amount of tax credits to be used each year at \$100 million. Some years, this limit is reached by summer and taxpayers are then placed in line for the next year’s credit allotment.

In regards to the federal estate tax, the unified credit was permanently established at \$5 million, indexed for inflation, with a tax rate of 40 percent on that amount of the estate value exceeding \$5 million. This brings some level of certainty to the estate tax, and averts a return to estate tax levels that would have hampered intergenerational transfers of working forests and farms. Properties under conservation easement remain eligible for an estate tax exclusion of up to 40 percent of the restricted land value. The easement exclusion is capped at \$500,000 and is further reduced in cases where the easement reduces a property’s value by less than 30 percent.

These incentives make 2013 a very good year to consider protecting property with a conservation easement. All indications are that this year will be very active, not just for the Virginia Department of Forestry easement program, but for easement holders across the Commonwealth. For those landowners considering a 2013 easement donation, it would behoove them to get started in the process as early in the year as possible.

NEW VOLUNTARY FOREST MITIGATION PROGRAM LAUNCHED

continued

need to balance economic growth with water quality concerns; municipal infrastructure (roads, power lines, gas lines, building construction, etc.); green development; corporate stewardship; commercial development, and mined land reclamation efforts (pre-SMCRA - Surface Mining Control and Reclamation Act of 1977).

Now entering its fourth month, the focus of the mitigation program to-date has been on strengthening avoidance efforts. The next step will be to strengthen restoration and creation efforts through voluntary mitigation and more robust corporate stewardship programs. At the end of two years, the goal is to have a multi-faceted program up and running that can also serve as a model for other southern states to follow. A key component of the effort will be the transfer of knowledge, lessons learned and other important program development considerations.

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VDOF P00210; 04/2013

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