



MINUTES
GEORGIA LAND CONSERVATION PROGRAM
Second Quarter Council Meeting
May 27, 2011 - 8:30 AM

Call To Order

After establishing a quorum, the meeting was called to order.

Present at the meeting were:

Council Members: Steve Stancil, Chairman, John Bembry, Paul Michael, Stacy Patton and Robert Farris.

Approval of the Minutes

Chairman Stancil presented minutes from the March 3, 2011, Georgia Land Conservation Council meeting for approval. Robert Farris made a motion seconded by Stacy Patton to approve the minutes as presented. The motion passed unanimously.

Program and Legislative Update

Curt Soper stated that 220,637 acres have been permanently protected since inception of the program; 96 grants/loans totaling 108,559 acres and 253 certified tax credit projects totaling 112,078 acres. The state's investment is \$141.9 million. Total project value/cost is \$547+ million.

Curt stated that HB346 passed and the sponsors of this bill were Representative David Knight and Senator Tommie Williams. This bill makes the existing land conservation tax credit transferable or saleable. This will assist potential donors that live out of state and don't have any state of Georgia income tax liability as well as those that are land rich and cash poor and don't pay a lot of Georgia income tax because their income is not high. This will allow them to earn a credit through a conservation easement or property donation and sell the credit to someone that does have a state of Georgia income tax liability. Georgia is now the fifth state where this has occurred. We have been in touch with the Department of Revenue and they will need to update the rules for the tax credit program to incorporate this transferability. Staff will work with them to make sure the rules are updated. There has been 112,078 acres conserved through the tax credit program and there has been \$33 million in tax credits claimed (an average of \$294 per acre for permanent conservation).

Hans Neuhouser stated that the General Assembly passed HB 346 to make the land conservation tax credit transferable on the last day of the session with only one dissenting vote. Governor Deal signed the bill on May 11, 2011. The passage of the tax credit transfer law is also worrisome, for Georgia may not be as prepared as it could be to prevent the kinds of abuse that both Colorado and Virginia experienced. It won't take many well-publicized abuses for this legislature to cut the program altogether. We need to learn from Colorado's and Virginia's experience. Georgia needs to develop its own capacity to keep the scammers away in its own way. We should initiate a dialog between the Land Council, GEFA, GA DNR, the Department of Revenue, the land trust community in Georgia and others to find effective ways of preventing abuse while encouraging legitimate land conservation. Implementing these improvements may require revisions to the Rules or the law, but starting the discussions now while there is some time before implementation is worth doing.

Chairman Stancil requested staff to draft a resolution for Representative Knight and Senator Williams for their assistance with HB346. John Bembry made a motion seconded by Paul Michael to have a resolution created for both legislators. The motion passed unanimously.

Potential New Scoring Tool for Allocating Due Diligence Funds

Curt Soper stated that want to get a couple of issues in front of the Council and in front of our partners to get input either today or by the next Council meeting and start getting ideas of what could be motions or policies as we go forward for conservation easement programs. The first is the scoring tool of how a project is scored for funding of agency incurred due diligence costs. Previously the Council approved the expenditure of funds to pay for due diligence costs incurred in the donation of property or a conservation easement to the State; All GLCP applications are given a physical and non-physical score and the Council requires a minimum blended score of 55 on a 100 point scale for a donated property to qualify for due diligence funding; However, these scoring tools were originally developed when GLCP was evaluating primarily grant and loan applications and not easement donations. Staff has drafted a new non-physical scoring tool for potential future use when evaluating easement donations. The proposed non-physical scoring factors for due diligence funding of donations are:

- 1) Severity of threats facing the property
- 2) Consistency with local, state, and regional planning
- 3) Achievability of the project
- 4) Level of subdivision permitted
- 5) Number of quality of designated special conservation areas
- 6) Intensity of future building allowances
- 7) Estimated fair market value of donation; and
- 8) Level of grant request and project cost

We want to make sure we do not lower the bar too much, but also make it fair and reasonable for participating agencies. Staff will score past projects to get an idea of how they would have scored under the proposed new system. The \$30,000 funding cap would remain and there is currently around \$125,000 remaining for agency incurred due diligence expenses.

Potential Future Easement Fee

Curt stated the next issue is a potential future easement fee that would be charged to the donor. This is not about the due diligence cost that the agencies incur, this is more about charging a fee to the donor to help cover the agencies' responsibilities - costs that the agencies have to develop the easement and then moving forward. The state of Georgia currently holds a total of 42 conservation easements with significant growth potential; Agencies engaged in securing and managing conservation easements (DNR Real Estate, GFC Forest Stewardship/Legacy) have been hit hard by budget cuts in the past two years. The fee would be charged to easement landowners to help cover the costs of drafting and negotiating the easement, baseline document, maps, forest and/or agricultural management plans, and monitoring of the easement. The fee would be very competitive among fees charged in the private sector by NGO's that hold easements. The agency holding the easement would explain the fee and ensure payment at or prior to closing. Payment would be made directly to GEFA/GLCP and disbursed to agencies from Land Conservation Trust Fund as part of intergovernmental agreement after the easement is executed. Curt stated that we are not ready for the Council to vote on this but just wanted to present the idea for Council members to think about. Chairman Stancil asked if we would charge on a per acre basis. Curt stated that would be one way to do it or perhaps charged based on the complexity of the easement. Staff thought that a flat fee of \$5,000 per each easement would be another way to establish a fee. Stacy Patton stated she felt we should look at a fee based on the type of project instead of a flat fee.

Update on Easements

Steve Friedman stated that the Warnell Conservation easement is a 1,000 acre tract that the state (DNR) is acquiring; it is a purchase of an easement and not a full donation. The value is \$1.6 million but the cost is being paid by a federal endangered species recovery land grant. That grant will pay \$1.2 million and the Warnell family will make a contribution for the balance. Recovery land grants are

a competitive grant that you compete for on a national basis. For a project to be funded, it must be very high in conservation value. This project will also help buffer Fort Stewart.

Reggie Lanier stated that the GFC has two easements that will be presented to the State Properties Commission Board in June. One is the Walker Stephens tract which is 422 acres in size and has been used by the ABAC Campus as an outdoor classroom. The second easement will be donated by Hazel Welch and is about 300 acres in size and is a working forest. GFC is working on two additional easements.

Presentations

Tim Beaty with the Fort Stewart ACUB program presented about conservation projects on Fort Stewart. Chairman Stancil thanked Tim for the tour of Fort Stewart the previous day.

Operating Plan

Curt stated that this is not an action item for today but will bring to the Council at the next meeting for the Council to approve the operating plan. Funding for the program will continue to be tight with no new funding in the short term, but the Land Conservation Program still does have flexible funding with \$45 million currently available in low interest loan funds and a generous tax credit program. Continuing strong partnerships is going to be critical moving forward. The big focus in Georgia today is on economic growth and job creation and stability as we recover from the recession. The good news is that there are significant economic benefits associated with land conservation. The types of conservation easements that we are doing serve the working forest and agricultural landscape and keep them in production, and these are big drivers for the economy of the state. Conservation easements are continuing to increase in Georgia and our role in managing the tax credit program and actively holding easements is vital. Proposed Action Steps in the draft Plan: we hope to do 90 new tax credits per year; 10 state-held conservation easements each year; market the loan fund program; and compete for \$10 million in federal funding grant awards; and work with the Department of Revenue to implement HB346. Council members can make comments now or in the future.

Emerging Issues

Stacy Patten stated that banks with all the distressed assets are now starting to look at tax conservation write offs on some of the really bad loans that they have. This may create an opportunity for permanent conservation.

Robert Farris handed out information for 2011 and the record timber losses due to wildfires and tornadoes.

Next Meeting

The next meeting is scheduled for September 1st in Atlanta.

Adjournment

The meeting adjourned at 9:51 a.m.

Kim Yawn, Senior Executive Assistant

Kevin Clark, Executive Director