



Governor's Commission for Protecting the Chesapeake Bay through Sustainable Forestry

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David Sutherland, Chair
The Conservation Fund

**The Honorable
John Astle**
Senator

**The Honorable
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February 9, 2005

The Honorable Robert L. Ehrlich, Jr.
Governor, State of Maryland
State House
Annapolis, Maryland 21401

RE: Governor's Commission on Protecting the Chesapeake Bay through Sustainable Forestry – Interim Report

Dear Governor Ehrlich:

Everyone involved with our efforts these past several months have been so complimentary of the vision and charge attendant to your Executive Order 01.01.2004.53 that created the Commission on Protecting the Chesapeake Bay through Sustainable Forestry. Thus, it is with respectful appreciation of and admiration for your Leadership the Commission hereby submits its Interim Report – albeit brief in content, absent more detailed rationale should your Office request it – for your consideration.

1. Federal Farm Bill – Greater Emphasis on Forest Conservation

Every five years, Congress authorizes funding for agricultural-related projects and programs via the federal Farm Bill. However, marginal emphasis at best is afforded forest land conservation in the Farm Bill. The Commission believes that forestry and agriculture are premiere, rural resource-based industries which are intertwined, meaning the environmental/economic benefits attendant to agricultural conservation are equivalent to forestry conservation.

Consequently, the Commission urges your consideration of recommending to the Bush Administration and Maryland's Congressional Delegation that they work together to secure additional funds in the next Farm Bill for forestry-related projects and programs that are consistent with the intent and purpose of your Executive Order 01.01.2004.53. Much of these recommendations have already been captured to some extent in the Chesapeake Executive Council's report entitled: 2007 Federal Farm Bill: Chesapeake Bay Region Concepts for Conservation Reform which you and other members of the council signed on November 29th.

2. Maryland's Land Conservation Programs – Working Landscapes

Maryland's three principal land conservation programs are Program Open Space, the Maryland Agricultural Land Preservation Foundation and the Rural Legacy Program. Each of these nationally-acclaimed programs is designed to protect Maryland's green infrastructure against the permanent conversion of such infrastructure to development. However, the Commission believes that greater emphasis must be placed on conserving Maryland's rapidly vanishing "working landscapes" within each of these programs. The Commission views "working landscapes" as those lands in Maryland actively used for farming and silviculture purposes, key to maintaining the economic viability of Maryland's struggling rural communities. Indeed, most

of Maryland's working landscapes are located in ONE MARYLAND jurisdictions defined as economically impoverished from an average median income and employment perspective.

It is recognized that Maryland's Agricultural Land Preservation Foundation focuses on conserving working farms; but, working forests – via silvicultural practices meaning the science of cultivating and harvesting timber consistent with established best management practices – do not receive comparable financial conservation-related consideration. The Commission believes that parity should be afforded both consistent with Section 2-501 of the Agriculture Article (Maryland Annotated Code) which reads as follows:

“It is the intent of the Maryland General Assembly to preserve agricultural land and woodland in order to: provide sources of agricultural products within the State for the citizens of the State; control the urban expansion which is consuming the agricultural land and woodland of the State; curb the spread of urban blight and deterioration; and protect agricultural land and woodland as open-space land.”

With respect to Program Open Space and the Rural Legacy Program, the Commission believes that primary funding consideration is afforded the conservation of ecologically sensitive lands with secondary consideration afforded the purchase of easements to maintain working landscapes. The Commission is not critical of such prevailing consideration per se; but, believes that enhanced emphasis should be placed on conserving working landscapes which face equal, if not greater, development pressure in view of Maryland's ever-expanding population.

Currently, all counties are required to complete a Land Preservation, Parks, and Recreation Plan to detail, in part, the needs of working landscapes and outline how County and State programs, including the above mentioned, will be employed to effectively support working landscape based economic activity. Within this process, however, guidance to counties for plan preparation places greater weight on the economic uses of agriculture as a working landscape, often to the disadvantage of working forested landscapes. The Commission supports using the same standards for all working landscapes in planning for the future of forestry.

Consequently, the Commission anticipates developing – for your consideration – legislation that would broaden the purpose and intent of existing land conservation programs by placing greater emphasis on the conservation of working landscapes.

3. Strengthen Existing Tax Incentives – Retention of Working Landscapes

The Commission recognizes that existing tax incentives are available for the retention of Maryland's rapidly vanishing farms and woodlands. However, these tax incentives have not been assessed or altered in many years. Today, development pressure has escalated to alarming levels statewide in view of Maryland's expanding population. In short, the economics of working landscapes simply cannot compete with the economics of development.

To help remedy this widening economic imbalance, the Commission believes that Maryland must strengthen its existing tax incentives to help retain working landscapes. Consequently, the Commission anticipates developing – for your consideration – legislation that would accomplish this all-pressing need.

Tax incentives to enhance the existing tax provisions, and that complement other incentives and programs that encourage landowners to sustainably manage and conserve their forests would be designed to do the following:

- Reward landowners for the sale of forest management/conservation easements, the sale of forestlands that will be sustainably managed and/or conserved, and the sale of sustainably harvested timber
- Provide disincentives or penalties for the conversion of forests to development
- Provide greater incentives for managing forests under sustainable forest management plans
- Increase in the amount of allowable tax credit for donations of working forest easements
- Make tax credits for donations of forest easements refundable for landowners that cannot take full advantage of tax credits in a given year

4. Forestry – Designated Growth Industry

On December 15, 1999, the Maryland Economic Development Commission designated “forestry” along with “agriculture” as one of Maryland’s 10 leading industry growth sectors eligible for preferential assistance via the financial assistance programs administered by the Department of Business and Economic Development. The Commission made this decision in response to a request made by the Maryland Forestry Task Force, created by Executive Order under the previous Administration.

To date, the results of such designation have not produced any tangible results. The Commission believes this must change...change that would be consistent with and responsive to your charge to us. As you know Governor, in Maryland it is not the forest products industry that owns Maryland’s vast forest resources. Instead, it is the approximate 130,600 non-industrial private landowners that own 76% plus of Maryland’s 2.4 million acres of forested lands. Thus, what helps Maryland’s \$2.2 billion forest products industry – via modernizing through improved technology resulting in enhanced operational efficiency – helps Maryland’s private forest landowners. In turn, forestlands are conserved which helps improve water quality thus restoring the Chesapeake Bay.

The Commission recognizes that the forestry industry goes beyond the forestland owner, and ultimately relies on having locally healthy downstream and upstream industries. Within this economic system it is the demand from primary and secondary wood products manufacturers that creates the greatest demand for wood products and impacts both market structure and pricing. Without this economic value chain, there will be little economic incentive to maintain high quality private forestlands, which creates economic disincentives for the large base of non-industrial private forestland owners to actively manage this resource. The geographic dispersion of wood product manufacturers and the disparate needs of the industry call for coordinated interagency, regionally based development solutions to further protect and enhance this resource.

The Commission further recognizes the importance that forests play in renewable energy production. No one can argue today against the importance of lessening our dependence on imported energy for security and self-sufficiency purposes. Through carbon credit trading, renewable energy credits and the generation of renewable energy, forests are rightfully beginning to play a major role on the national and global energy stage. However, there are regulatory and policy impediments that unintentionally inhibit the development of many alternative energy uses of wood products. Improving such conditions is imperative to expanding the markets for wood products and ultimately the health of the industry and energy security of the State.

The Commission anticipates developing proposals – for your consideration – that would recognize and promote the importance of conserving working landscapes for the myriad of energy-related benefits that would accrue from such a strategy.

5. Funding for DNR's Forest Service and Maryland's Forest Conservancy District Board – Fiscal Year 2007 Budget Bill

The Commission realizes that State revenues have not kept pace with State expenditures over the past three fiscal years, meaning a requisite curtailment of certain programs and projects. DNR's Forest Service was not spared from such curtailment. However, revenue projections for fiscal year 2007 look promising and the Commission is requesting that DNR's Forest Service be spared from further curtailment in fiscal year 2007. We say this for many reasons, but, in particular because we ask you to consider another initiative deemed imperative to conserving Maryland's privately-owned forest lands.

The Commission believes the best way to protect Maryland's working landscapes is to reach out to Maryland's approximate 130,600 non-industrial private landowners and encourage them to adopt Forest Stewardship Management Plans – these plans, in essence, are developed in cooperation between the landowner and a professional, licensed forester. The plan would entail whatever objectives are reached between the landowner and the forester, be it for wildlife management purposes, water quality purposes, silvicultural purposes, etc.

The Chairman of the Maryland Forestry Task Force – a Task Force created in 1998 by the previous Administration -- recently addressed the Commission and informed us of the following: (1) the Task Force recommended, but was never acted upon by the previous Administration, that the State encourage that Forest Stewardship Plans be developed on 75% of privately-owned forest lands (approximately 1.7 million acres) – meaning, DNR's Forest Service would play a key outreach role in this undertaking; and (2) that Maryland's Forest Conservancy District Boards be allocated \$2,000 each – to be matched on a dollar for dollar basis – for a total of \$48,000 to compliment the landowner outreach efforts of DNR's Forest Service...this recommendation was also ignored by the previous Administration.

IN THE FINAL ANALYSIS, the Commission on Protecting the Chesapeake Bay through Sustainable Forestry has found – through analyses and open dialogue with impacted stakeholder groups – that retaining Maryland's working landscapes has more benefits that most people realize. From helping to realize the 2010 goals of the *Chesapeake 2000 Agreement*, to helping maintain the economic stability of rural Maryland, to promoting domestic renewable energy production, Maryland's coveted forest resources constitute a measurable treasure worthy of conservation. And the Commission is most humbly determined to advance – for your consideration – many far-reaching proposals that we believe are consistent with and responsive to your charge set forth in Executive Order 01.01.2004.53.

Respectfully submitted,

David Sutherland
Chairman

cc:

Members, Commission on Protecting the Chesapeake Bay through Sustainable Forestry
The Honorable Ron Franks, Secretary, Department of Natural Resources