



June 3, 2019

Representative Aaron Michlewitz
 Chair, House Ways and Means
 24 Beacon Street, Room 243
 Boston, MA 02133

Senator Michael Rodrigues
 Chair, Senate Ways and Means
 24 Beacon Street, Room 212
 Boston, MA 02133

Representative Denise Garlick
 Vice Chair, House Ways and Means
 24 Beacon Street, Room 238
 Boston, MA 02133

Senator Cindy Friedman
 Vice Chair, Senate Ways and Means
 24 Beacon Street, Room 413-D
 Boston, MA 02133

Representative Todd Smola
 Ranking Member, House Ways and Means
 24 Beacon Street, Room 124
 Boston, MA 02133

Senator Viriato deMacedo
 Ranking Member, Senate Ways and Means
 24 Beacon Street, Room 313-C
 Boston, MA 02133

RE: In Support of Conservation Land Tax Credits (House adopted amendment 1202)

Dear Honorable Members of the FY20 Budget Conference Committee,

Thank you for the opportunity to provide testimony to the Conference Committee on the Fiscal Year 2020 State Operating Budget. We are writing in support of the Conservation Land Tax Credit (CLTC) program.

By a roll call vote, the House of Representatives unanimously adopted Budget Amendment 1202 to increase the annual cap for the CLTC from \$2 million to \$5 million per year. The increase would be incremental: \$1 million per year for each of the next three years, with a ten-year sunset.

We urge the Conference Committee to increase the annual cap for the CLTC program – an essential tool that has been highly effective at conserving the Commonwealth’s most critical natural resources for the past seven years. As of the beginning on May 2019, the CLTC program permanently protected 12,087 acres of significant conservation land, including prime forest soils (working forests), prime agricultural soils (working farms), natural good/services (water quality protection), and rare and endangered species habitat.

The CLTC program is highly effective. *Every \$1 of state tax credits has leveraged \$4.36 of private land donated value.* Unfortunately, there is a chronic backlog, and the program has been unable to meet demand since its inception. The current backlog is \$3.8 million, many landowners cannot afford to wait until 2020, and we will lose key opportunities to set aside critical private lands.

The House of Representatives adopted Amendment 1202 would:

- Raise the annual cap of the Executive Office of Energy and Environmental Affairs' (EEA) Conservation Land Tax Credit Program from \$2 million to: \$3M as of January 1, 2020; \$4 million as of January 1, 2021; and \$5 million as of January 1, 2022.
- Amend the definition of "public or private conservation agency" which may receive donations of land subject to a conservation tax credit to include realty trusts organized for conservation purposes pursuant to Chapter 203 (please note that more than a third of land trusts in Massachusetts are organized as realty trusts).
- Sunsets (or expire) the enhanced credit on December 31, 2029.

The increase of the annual cap and expanding the definition of eligible conservation agencies would greatly increase private land donations with multiple public benefits.

Program Description

Launched in 2011, the CLTC program allows taxpayers (individuals and corporations) a refundable conservation land tax credit for qualified donations of certified land to a public or private conservation agency. The certification process is conducted by the Executive Office of Energy and Environmental Affairs (EEA) for land that is permanently protected and has significant conservation value, such as farming or forestry, wildlife protection or water quality.

Currently, the credit is subject to an annual \$2 million cap and is equal to 50% of the fair market value of the qualified donation up to a maximum credit of \$75,000 for each qualified donation. This is a refundable tax credit: the donor receives a rebate on any income taxes due for that calendar year and receives a refund check for the difference. Land trusts often play a key role in assisting landowners throughout the donation process.

Supply and Demand

As of May 3, 2019, total dollars requested for 2019 and beyond are \$7,304,000. Of that, \$2,000,000 has been committed to 2019 projects. There remains an additional \$5,304,000 in requested projects being pushed into 2020 and 2021. As the program operates on a first-come-first-served basis, all new applications received this year will not be eligible for funding until 2021, at the earliest. Many landowners cannot wait this long, as they have financial needs that may be prompting the timing of their applications. In addition, as this happens, the CLTC gets out of sync with other state, federal and private grants to fund conservation projects, which hinders the ability of willing landowners, municipalities, agencies, and land trusts to leverage programs to maximize outcomes.

This comes at a time when there is an unprecedented transition in ownership across the Commonwealth and an enormous opportunity to conserve ecologically and economically valuable lands. Many landowners are “land rich and cash poor” and need the credit to help with family expenses such as medical or college, and some are aging and cannot wait for the credit. Surveys of private landowners by the U.S. Forest Service document that family forest owners are overwhelmingly over the age of 55 and that one in six acres is owned by someone who plans to sell or transfer some or all of their woods or forest in the next 5 years.¹ In Massachusetts, those willing to sell or give away land in the next five years overwhelmingly prefer to see the land stay forested.² This kind of landowner is a perfect match for the CLTC program.

We are eager to see the Legislature increase the CLTC cap as soon as possible. The long wait for the credits is impacting the effective use of the credit as a conservation tool. Many land trusts have donors who are waiting on the credit to close a land deal.

Justification: Economic Benefits of Land Conservation

In a 2013 report, The Trust for Public Land analyzed the economic value of natural goods and services provided by lands conserved by Massachusetts between 1998 and 2011.³ For every \$1 invested in land conservation, \$4 in natural resource goods and services is returned to the Massachusetts economy. These services benefits municipalities and include water quality protection, flood control, air pollution removal and storm water management.

Justification: Revenue Cycling

Land conserved under the CLTC program helps generate revenue from private sector activity in forestry, agriculture, and recreation, or saves public revenues in water supply protection and carbon sequestration. Conservation is critical to supporting the following sectors:

- Forestry: The annual Gross State Output of Massachusetts’s forest products industry totals nearly \$3 billion while the forest-based recreation economy generates approximately \$2.2 billion annually. Approximately 17,000 workers are employed in the forest products, maple and Christmas tree sectors while another 9,000 jobs are found in the sectors that include and support the forest recreation economy.⁴ The value of climate regulation, freshwater supply, storm water mitigation, nutrient regulation, biodiversity, soil retention and aesthetics attributed to the state’s forest land is estimated at \$2.9 billion.⁵

¹ U.S. Forest Service. 2015. Who owns America’s trees, woods and forests? Available at: https://www.fs.fed.us/nrs/pubs/inf/nrs_inf_31_15-NWOS-whoowns.pdf.

² Butler, Brett J.; Miles, Patrick D.; Hansen, Mark H. Mon Jun 03 16:37:13 UTC 2019. National Woodland Owner Survey Table Maker web-application version 2.0. Amherst, MA: U.S. Department of Agriculture, Forest Service, Northern Research Station. Available at: <http://fiatools.fs.fed.us/NWOS/tablemaker.jsp>.

³ The Trust for Public Land. 2013. The return on investment in parks and open space in Massachusetts. Available at: <https://www.tpl.org/return-investment-parks-and-open-space-massachusetts>.

⁴ North East State Foresters Association. 2015. Importance of Massachusetts’ forest based economy 2015. Available at: http://www.nefainfo.org/uploads/2/7/4/5/27453461/economic_importance_of_massachusetts_forest_based_economy_5.19.15.pdf.

⁵ University of Massachusetts Amherst, The Center for Agriculture, Food, and the Environment. 2012. Valuing the forest for the trees. Available at: <http://ag.umass.edu/news-events/highlights/valuing-forest-trees>.

acquisition, and the tax incentive has historically provided a way to stretch bond dollars and achieve greater conservation outcomes with the same bond spending.

State agencies work to leverage bond funds by collaborating with other entities, leveraging additional investments (e.g., nonprofit conservation organizations, land trusts, municipalities, federal agencies, private landowners, etc.), and negotiating below fair market value “bargain sales” with owners. When a state agency or land trust negotiator sits down with a landowner, the CLTC is part of a broad array of complementary strategies to bring critical projects to completion.

Broad-Based Support

Finally, the increase to the credit has broad-based bipartisan support. House and Senate Democrats and Republicans have collaborated for a decade to first enact the CLTC statute and to consistently support its improvements. As mentioned above, the bipartisan amendment passed unanimously during the House FY20 Budget debate, and the program has been used in over 130 municipalities across the state. While this support has been helpful, the Legislature has missed several opportunities during previous budget and bond debates to approve the increase to the CLTC cap. The need to increase the cap is urgent, as the backlog is preventing landowners from participating in the program, leading to the development of land that would otherwise have been conserved.

Please consider including this proposal to raise the cap on the CLTC program in the FY20 Operating Budget reported out by the Conference Committee. The increase of the annual cap and expanding the definition of eligible conservation agencies would eliminate the backlog of this successful program and enable our organization to collaborate with private landowners to conserve land for farming, forestry, wildlife and clean water.

Thank you for your time and consideration. Please feel free to contact Emily Myron (office: 617-532-8311; cell: 240-372-0792; emily.myron@tnc.org) of The Nature Conservancy should you have any questions.

Sincerely,

Emily Myron, Government Relations Specialist, The Nature Conservancy
Carolyn Sedgwick, Executive Director, Massachusetts Land Trust Coalition
Heather Clish, Director of Conservation & Recreation Policy, Appalachian Mountain Club
Mark Robinson, Executive Director, The Compact of Cape Cod Conservation Trusts, Inc.
Casey Bowers, Legislative Director, Environmental League of Massachusetts
Kate Bowditch, President, Essex County Greenbelt Association
Richard Hubbard, Executive Director, Franklin Land Trust, Inc.
Dorothy McGlincy, Executive Director, Massachusetts Association of Conservation Commissions
Michael Cusher, Legislative Director, Mass Audubon
Leigh Youngblood, Executive Director, Mount Grace Land Conservation Trust
Lisa Vernegaard, Executive Director, Sudbury Valley Trustees
Jennifer Ryan, Director of Policy, The Trustees
Linda Orel, New England Director of Conservation Finance, The Trust for Public Land