

Historical Digest of Recommendations for Vermont Working Landscape Policy

A Briefing for the Vermont Working Landscape Partnership

“Vermont’s Natural Resource Economy: The conservation of the working landscape is a high priority for Vermonters and is associated with their love of the outdoor recreation, closeness to nature, and the beauty of the state. We need to recognize that the working landscape depends on a strong farm and forest economy, and that unless this economy prospers, Vermont could lose the working landscape in the next generation. Though the great majority of Vermonters say they want to see the working landscape prosper, public strategy and investment have not lived up to the challenges facing the rural enterprises that have built and sustain much of that landscape, especially forest-based enterprises. Vermont’s communities and the natural resource industries, such as agriculture, forestry and forest products, and tourism and recreation need to work together with a unified vision and set of economic and regulatory strategies to ensure that the working landscape is cared for into the future.”

- Council on the Future of Vermont, *Imagining Vermont: Values and Vision for the Future*, 2009.

AGRICULTURAL ECONOMICS

► Investment

Vermont Council on Agriculture Viability, Final Report, January 2003.

- The Legislature should identify a sustainable funding source and provide consistent and adequate funding to the Department of Agriculture for agricultural development and marketing (expected annual cost, \$250,000).
- The Legislature should provide the Department of Agriculture the funding necessary to allow the Agricultural Resource Center (ARC) to expand its services to Vermont’s diversified sectors (expected annual cost, \$50,000).
- Commodity groups that seek state promotional funds should match those funds.

Report of the Governor’s Commission on Vermont’s Future: Guidelines for Growth, 1988

- **Expand Agricultural Loan Fund** – Dairy farmers are receiving less and less for their milk, when those prices are already too low for many of them to survive. At the same time, with increasing debt and declining federal support, farmers are unable to obtain loans with affordable interest rates. Therefore the Commission recommends a significant increase in the Agriculture Loan Program. Policy makers should consider taking such serious action as temporarily raising the sales tax for a one-year period to adequately fund the loan program.

► Encouraging Young or New Farmers

The Windham Foundation, Seeking to Ensure the Future Viability of Vermont’s Dairy Industry, Report of the Thirty-Third Grafton Conference, December 2008

- Establish a Vermont Incubator program to assist well-qualified new entrants develop equity and new dairy farming enterprises – Creating opportunities for new dairy farmers to enter the business through existing farms or new ones is critical to arrest the decline and aging of the dairy farmer population. There are major practical and financial hurdles to creating succession and a dairy farm incubator program, alongside the existing “2+2” program, is key. The current VTC farm incubator program has merit and should be expanded.

► Milk Price Support/Stabilization

The Windham Foundation, Seeking to Ensure the Future Viability of Vermont’s Dairy Industry, Report of the Thirty-Third Grafton Conference, December 2008

- **Milk Prices and Markets.** There is little optimism about the prospects for further success through political coalitions. Nevertheless, it is recommended that the Agency of Agriculture should establish a permanent committee available to

advice on legislative and regulatory options or strategies that may create better milk prices for Vermont farmers. This committee could also advise on topics such as: Anti-trust issues associated with the consolidation of fluid milk processing; Fair Trade Milk; Pricing activities within the regional states; Co-op marketing leverage – local, national and global competition on price; State and consumer standing within Federal Order System.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- Vermont’s Congressional delegation should seek opportunities to reauthorize the Northeast Dairy Compact (cost to the state estimated to be \$100,000 annually). In the absence of the Northeast Dairy Compact, the Milk Loss Contract Program (MILC) should be continued but amended to reflect the needs of Vermont’s multiple-family dairy farms.
- In order to establish a price mechanism formula that reflects the dairy farmer’s cost of production: the Vermont’s Congressional delegation should petition USDA to hold hearings to amend the Federal Milk Market Orders in order to incorporate a monthly adjustor for the establishment of Class I and II prices that reflect the regional cost of production.

Report of the Governor’s Commission on Vermont’s Future: Guidelines for Growth, 1988

- **Regional milk pricing** – The Governor and the Legislature should endorse and actively promote federal efforts to regionalize the pricing of milk. They should also support the Regional Cooperative Marketing Association (RCMA) to raise the price which northeast dairy farmers receive for their milk.

► **Marketing/Distribution/Infrastructure**

New England Governor’s Conference, Report of the Blue Ribbon Commission on Land Conservation, July 2009.

- **Keep Farmlands in Farming.** Increase “buy local” and branding efforts at the local, state and regional level.

Council on the Future of Vermont, Imagining Vermont: Values and Vision for the Future, 2009.

- **Expand local food production, consumption and export** – Vermont should devote resources and invest in infrastructure to advance local food production, processing, and consumption, town by town, region by region. There is an opportunity for local food system planning and development to expand local sales, reduce dependence on imports, expand agricultural diversity, and broaden the variety of fresh and value-added markets for local Vermont foods. The State of Vermont should provide leadership by setting measured and cost-effective policies to dramatically expand institutional purchases from local farmers.
- **Diversifying Agriculture** – Along with dairy, diverse and value-added enterprises are a cornerstone of the future of Vermont’s agricultural economy, and a foundation for the economy as a whole. They should be supported and encouraged.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- Vermont’s Congressional delegation should continue to urge the U.S. Department of Justice to investigate proposals that would unduly concentrate the processing and marketing of milk and dairy products and should ask it to expand its investigation to include effects on the returns to dairy farmers.
- Vermont’s governmental agencies should coordinate their marketing funds to provide the strongest leverage of the “Vermont brand” for agricultural products.
- MAPS (Marketing and Promotion Team), currently chaired by the Commissioner of Tourism and Marketing, should be chaired by the Secretary of Administration. The State’s agencies should submit marketing plans that include measurable goals.

Report of the Governor’s Commission on Vermont’s Future: Guidelines for Growth, 1988

- The agriculture industry must be strengthened and diversified. The manufacture and marketing of value-added agriculture products must be encouraged.

- **Market Vermont Products** – The Department of Agriculture should build on existing efforts to market Vermont products. Special attention should be paid to getting the state’s agriculture produce into Vermont stores. People should be encouraged to support Vermont agriculture by buying its products.

► Opportunities

The Windham Foundation, Seeking to Ensure the Future Viability of Vermont’s Dairy Industry, Report of the Thirty-Third Grafton Conference, December 2008

- **Support innovation.** There is potential within the Vermont dairy industry for increased revenue profitability through entrepreneurship and innovation. Examples include biomass and renewable energy projects, on farm processing, new product developed from agricultural materials, and agri-tourism. Critical to success and the generation of more new businesses are access to venture capital, expertise in leverage of assets, creating partnerships, expertise in product development, support and resources in market analysis and business planning.
- **Dairy Processing and its role in Vermont’s Economic Development.** There is great concern about the loss of dairy processing facilities and the concentration of the “milk market” into a very small number of national companies. This is not serving the interests of Vermont farmers, consumers or communities and it is important to create an environment in which local processing capacity expands dairy infrastructure and options increase and new jobs are created.
- **Research and information transfer.** Vermont has important resources and talent through the University and this has led to significant new business developments. Ensuring that this situation prospers into the future and that we have seamless connections between dairy researchers, farmers and agricultural businesses will be increasingly important.

Governor’s Commission on Climate Change, Final Report and Recommendations of the Governor’s Commission on Climate Change, October 2007.

- **Programs to Support Local Farming / Buy Local** (*includes broader New York and New England region*). Recommendation to increase sales and consumption of local farm products by 50% and increase storage and processing capacity of locally grown farm products by 20% by 2012 above current levels.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- The Department of Agriculture should seek federal funding to build a Vermont value-added agriculture fund to provide jump-start grants supporting value-added processing in Vermont, and then systematically match grants with loan funds from the private sector, VEDA and other sources. (Approximate Federal Request: \$400,000). Disbursements of these funds would be dependent on strong business plans and may, in some cases, connect with plans developed through the Farm Viability Enhancement Program.
- The Legislature should authorize and fund a guarantee program to encourage private sector financing of value-added processing in the State.

FOREST PRODUCTS ECONOMICS

► Investment

Northern Forest Lands Council (2005), 10th Anniversary Forum Final Report: Recommendations for the Conservation of the Northern Forest, North East State Foresters Association

- Invest public and private resources to develop and implement community and economic development strategies across the region to reinvigorate the rural economies of the Northern Forest. These strategies should seek to assess the economic strengths and weaknesses of the region, strengthen the region’s forest products industry and landowner stewardship, and spur the creation of new economic ventures that foster the sustainable use of the region’s abundant

natural resources. These efforts should build upon the strong traditions and character of the region's communities with the goal of strengthening sustainable Northern Forest communities.

► **Weight Limits for Trucks**

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- **Increase weight limits on Vermont Interstates to make Vermont competitive in the region.** Weight limits on Vermont's Interstate restrict the movement of heavy logging trucks within the state and beyond. This limitation is a federal requirement and poses a barrier to the industry because New Hampshire has relaxed this restriction through federal legislation. Reducing the travel costs of timber would improve the overall competitiveness of the forest products industry and help to keep the working landscape viable in Vermont. Legislation should be introduced by Vermont's Congressional Delegation to make weight requirements on log trucks on Vermont's Interstate as favorable as in other New England states.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **Establish consistent truck weight regulations.** State transportation agencies should coordinate with one another to establish consistent truck weight regulations across the region. Regulatory consistency will do much to improve the flow of goods across state lines and enhance the region's ability to compete in national and world markets. To achieve this, a compatible system of road classifications needs to be developed, and roads which cross state boundaries should have consistent classifications from one state to another.

► **Workers Compensation**

Vermont Forest Resources Advisory Council, Final Report, September 4, 1997

- Change existing worker's compensation to: (1) increase the level of participation and availability of affordable insurance for those in the forest harvesting sector; (2) link logger safety training programs to insurance programs that reward participation in such programs with lower premiums; (3) increase the availability and purchase of voluntary worker's compensation premiums.
- The VT Dept of Banking and Insurance should support and aid VFPA and RC&D in the formation of voluntary "self-insurance" pools and in securing tiered rates that recognize experience.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **Improve workplace safety.** State forestry agencies, with funding from the USDA Forest Service and other appropriate sources such as the US Department of Labor, should cooperate with appropriate forest products associations and recreation business groups to establish or expand training programs to improve workplace safety and reduce workers' compensation claims. These agencies also should encourage development of equipment and methods of harvesting that are safer, profitable, and environmentally compatible. A model program for loggers is Maine's Certified Logging Professional program, administered by the Maine Timber Research and Environmental Education (TREE) Foundation.
- **Reform workers' compensation insurance programs.** State legislatures should reform their workers' compensation insurance programs to reduce costs. Examples of needed reforms include the following: discounting employers' annual workers' compensation insurance premiums if they provide employee safety training; revising liability statutes to limit third party suits; controlling health care costs; better guarding against fraudulent claims; and enacting mechanisms that more quickly resolve disputed claims.

Vermont Forest Products Council, Blueprint for Action, 2003.

- **Improving Workers' Safety.** Forest products businesses should expand workers' safety training programs to incorporate and respond to risk management audits, and so reduce worker injuries.
- **Ombudsman for Employers.** Workers' Compensation costs are a clear impediment to competitiveness; communications between businesses and the Vermont Department of Labor and Industry should be improved to ameliorate this situation. Toward that end, the State of Vermont should designate a neutral ombudsman within the Department of Labor and Industry to assist employers in understanding the claims process; help employers understand the Workers' Compensation insurance market and what is offered; help educate employers about the up-front policies necessary to make claims processes smoother; help educate employers about the importance of VOSHA's consultation services; and assist employers in dealing with insurers during claims.
- **Reducing Costs.** The State of Vermont should examine Workers' Compensation insurance programs with the goal of reducing costs. Some practices to consider include: establishing self-insurance pools; establishing tiered rates that recognize experience; establishing a state-sponsored private insurance pool that uses a tiered-rate structure; discounting employers' annual Workers' Compensation insurance premiums if they provide employee safety training; revising liability statutes to limit third-party suits; controlling health care costs; better guarding against fraudulent claims; enacting mechanisms that more quickly resolve disputed claims; improving adjudication claims by the Department of Labor and Industry; and evaluating the way issues surrounding pre-existing conditions are managed.

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- **Increase the professionalism of logging. Invest in programs to support youth who are interested in becoming loggers. Develop loan programs, a worker's compensation pool, and better access to health insurance. Promote the use of low-impact equipment and natural resource management programs.** It is becoming harder to retain jobs in the logging industry. Loggers as a group are aging and there is a need to support youth who are interested in being professional loggers. A comprehensive package of programs is needed to enhance the professionalism of logging, including addressing worker's compensation and health insurance rates. Vocational programs should be promoted to train loggers in the use of new technology and the use of logging techniques that reflect today's economic and social demands and trends.

► **Capital**

Northern Forest Lands Council (2005), 10th Anniversary Forum Final Report: Recommendations for the Conservation of the Northern Forest, North East State Foresters Association

- Develop strategies for attracting new capital investments in manufacturing industries, particularly the forest products industry.

► **Marketing & Distribution**

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- **Bolster development of strong, effective, cooperative statewide organizations that bring together forest products industry representatives, landowners and manufacturers to promote the forest products economy.** The entities that promote the forest products economy in Vermont generally are specialized, and represent particular aspects of the forest products economy. Various woodland owners organizations exist to represent landowners who manage their property for forest products. Other organizations exist to represent the forest products industry and forestry interests, whether it is primary manufacturing (mills, lumber yards, paper manufacturing, etc.), secondary manufacturing (drying, planing, cutting, and assembly of lumber into parts or finished products), or biomass energy production. Separate organizations exist to represent professional loggers in the state. There is a need to bolster the development

of organizations that can represent these various interests cooperatively on behalf of all aspects of Vermont's forest products economy.

- **Increase the visibility of the contribution of a working forest to the state, including the economic, ecological and social benefits of forestland.** Forest-based manufacturing and forest-related tourism and recreation contribute over 1.4 billion dollars to Vermont's economy on an annual basis. Other benefits of working forests include the 13,800 jobs that forest-based manufacturing and forest-related tourism and recreation provide, not to mention the products that are used and enjoyed by Vermonters and people around the country and the world. The myriad ecological benefits of forestland are beyond calculation and provide vitally important functions for humans and wildlife. The visibility of these contributions should be increased to inform the public about the economic, ecological, and social benefits of keeping working forestland intact in Vermont.
- **Continue and strengthen state promotion for the forest products manufacturing sector.** Desirable state promotional efforts are well articulated in the Vermont Forest Products Council Blueprint for Action.
- **Promote the use of Vermont wood in Vermont and in Vermont-sponsored development.** Support buying local as a concept and encourage architects and builders to support the use of local wood. A broad umbrella of programs could be created that stimulates interest in utilizing local products for as many applications as possible. One option is to encourage architects and builders to specify and use local wood in manufacturing and design standards.

Vermont Forest Resources Advisory Council, Final Report, September 4, 1997

Market Linkages

- VT FP&R should strive to facilitate market linkages between VT landowners, mills and manufacturers where appropriate

Vermont Forest Products Council, Blueprint for Action, 2003.

Market Linkages

- In order to promote the in-state use of Vermont-grown wood, the Vermont Department of Forests, Parks, and Recreation should strive to facilitate market linkages between Vermont landowners, mills, manufacturers, state lands, and retail development. State government and the wood products industry should improve the process for connecting Vermont wood products businesses with the types of wood they need and the types available in Vermont, making it easier for more businesses to purchase Vermont-grown wood. Toward this end, a web-based clearinghouse for Vermont forest products should be developed.
- The business-to-business application should start with a place for manufacturing companies of finished products or project managers to find the resources they need for their projects. Utilizing the Vermont Department of Economic Development's Vermont Business Assistance Network (VBAN) and partnering with the Vermont Sustainable Jobs Fund's Cornerstone Project, the State should look to set a pilot program between wood suppliers and wood manufacturers.

► Opportunities

Council on the Future of Vermont, Imagining Vermont: Values and Vision for the Future, 2009.

- **Advancing in-state energy development** – Vermont should take action to enhance energy security by encouraging in-state options, developing energy generation and fuels in state for an energy mix that is clean, green, and economical.

Governor's Commission on Climate Change, Final Report and Recommendations of the Governor's Commission on Climate Change, October 2007.

- **Increased Forest Biomass Energy Use.** Recommends that Vermont increase the use of low value wood material, including logging and mill residues, by appropriate processing centers and end users (electricity, heating, or liquid fuels).

- **Forest Protection – Reduced Clearing and Conversion to Non-Forest Cover.** Recommends reducing the rate of forest loss by 7% by 2010 and 50% by 2028. (Note: this recommendation ties into other recommendations they make that will collectively, if adopted, provide a variety of economically driven incentives to keep forest land from being developed, while providing an increase in the types of wood products that provide GHG benefits through sequestered carbon and biomass energy).
- **Expanded Production and Use of Durable Wood Products (Especially from VT Sources).** Recommends increasing the supply and demand of wood products produced and used in Vermont. Development of markets for high value wood materials promotes the retention of forestland as actively managed, productive forests, thereby enhancing carbon dioxide sequestration.

Vermont Forest Resources Advisory Council, Final Report, September 4, 1997

- Non-Timber Forest Products deserve recognition and should become an active part of research agendas at UVM and USDA Extension Service. For example, (c) research on the presence, characteristics and markets for medicinal plant varieties in the regions.
- VT should continue funding (or seek funding to maintain) the wood energy position that is shared between Forests and Parks and the Public Service Dept to assist in developing wood energy opportunities that are consistent with state objectives for renewable energy, sustainable forest management, and rural job creation.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **To fund public land management agencies.** Congress and the states should provide sufficient funds to public land management agencies to manage and maintain existing public land holdings and recreation facilities for increased public use; to protect fragile areas; and to enhance public health and safety at existing facilities. They should also provide sufficient funding to meet the costs of administering conservation easements held by public agencies.

WORKING LANDSCAPE PLANNING

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- Annual working landscape report card

Governor’s Commission on Climate Change, Final Report and Recommendations of the Governor’s Commission on Climate Change, October 2007.

- Central to curbing the state’s greenhouse gas emissions is the conservation of Vermont’s significant existing “Green Bank” – our working landscape, our abundant forests, our maintenance of open land. Vermont’s most precious and effective mechanism for countering climate change is our forested landscape, which represents nearly 80% of the state’s land area and provides us all with a rich array of collateral services, such as clean water, stable and fertile soils, and a vibrant recreation and tourism industry, that benefits both the culture and economy of our state. Our forests ecosystems, the durable wood products derived from them, and the working landscape afford a tremendous opportunity to sequester carbon from the atmosphere, which holds the promise of economic benefit, such as offsets under a potential future carbon cap-and-trade system, while simultaneously protecting the Earth’s atmosphere and Vermont’s rural quality of life. It is imperative that the state develop and follow prudent ways to sustain the health of our forests and protect open space and agricultural land, by strengthening local farm and forest economies and encouraging development of our town centers. Programs that promote the production, storage, processing, and distribution of locally-grown food and wood products can reduce transportation and manufacturing emissions as well as contribute to local economic sustainability. The Commission urges the Governor to:
 - Promote the establishment and support of creative and effective multi-layered **marketing programs including a “virtual marketplace” for local food and forest products and markets.**
 - Protect working farms and forests by pursuing strategies to **reduce the rate at which existing crop, pasture, and forest lands are converted to developed uses.**

- **Protect Open Space / Agricultural Land.** Recommends that Vermont reduce the rate at which existing crop and pasture are converted to developed uses. The carbon sequestered in soils and aboveground biomass can be higher in agricultural lands than in developed land uses. Policies are also needed to protect working farms and forests from unwise and unplanned development. The policy aims to reduce the rate at which agricultural lands are converted to development by 25% by 2012 and 50% by 2020 and maintain this reduced rate of conversion through the policy period.

► Statewide Land Use Mapping

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- Utilize existing data and develop maps to identify and prioritize forest blocks for conservation. There is a need to coordinate the efforts of state and non-government organizations with expertise in forest block landscape analysis to develop maps to identify and prioritize forest blocks for conservation. Forest blocks are easily mapped using GIS and satellite imagery, and their relative importance should be assessed using current information and additional field evaluations. Mapping should be developed within two years, and should be revised periodically in order to examine the degree of change over time. It is further recommended to examine the full range of innovative approaches on how priority forest blocks and wildlife corridors can be identified and conserved for all their associated values. Forestland conservation efforts, and particularly those that are supported by local community input, should protect ecologically significant features, wildlife habitat, watershed functions, and promote forest reserves and sustainable forest management for a full range of uses and management options.

► Land Use Planning

Council on the Future of Vermont, Imagining Vermont: Values and Vision for the Future, 2009.

- **Coordinating Land Use Planning** – It is time for Vermont to advance a better-coordinated regional and statewide land-use strategy.

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- **Integrate existing planning efforts at the local, regional and state level to better address parcelization and forest fragmentation.** All local, regional, and state level planning efforts should be integrated to address parcelization and forest fragmentation on a uniform basis. Successful planning strategies should be shared among state planners and regional planning commissions, and should be implemented at the local planning level. For instance, there should be goals for local planning, such as encouraging that each town has a conservation commission, a town forest, and a town plan that speaks to the values of contiguous forest/connectivity, forest economies, and traditional uses of the land.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- The Governor should appoint a “Council on Agriculture” to assist the Agency as it develops long-term vision, agricultural policy, and strategic goals for agriculture in Vermont.

Vermont Forest Resources Advisory Council, Interim Report to the Legislature, January 15, 1996.

- Agriculture and forestry should be linked on land use issues. As natural resource-based enterprises, they contribute through the growing and harvesting of farm and forest crops, they are critical to tourism and quality of life, current use taxation is critical to both.
- Agriculture and forestry should also be addressed together as priorities for state economic development efforts, for the following reasons: State marketing programs would be coordinated better; school curricula could be developed which educate all students about the importance of these economic sectors in the state and about related employment opportunities; and The VT Agency of Transportation Long Range plan should be evaluated in light of agriculture and forestry needs related to economic devel.

State of Vermont, Governor's Commission on Environmental Control, May 1970

- A basic goal, therefore, should be the preparation of a comprehensive land use plan for the State of Vermont to be undertaken as soon as practical and completed within the period of one year.
- The Commission recommends an act to regulate and control subdividing and use of land in the State of Vermont under which a duly constituted state agency be given authority to regulate and control land uses in the State in accordance with a highest and best use land plan for the land and environment of the State.
- The Commission of of the opinion that if the goal of maintaining open space is to be achieved, the formulation of a l and use plan is of critical importance.

REGULATORY ISSUES

Vermont Council on Agriculture Viability, Final Report, January 2003.

- It is critical that the State maintain regulations that are cost effective and limit the potential for the initiation of nuisance suits. Toward that end, the Legislature should quantify the effect of proposed regulations on the profitability of agriculture before enactment. The Legislature should not enact laws that will affect agricultural profitability without a clear understanding of any effects.
- The Legislature should ensure that Vermont farmers continue to be able to choose business models and technologies that they believe will maximize their changes of success. The Legislature should not enact laws or permit regulations which interfere with a farmer's right to choose his or her business model (conventional or organic, large or small scale, e.g.) so long as a farm operation is in compliance with current state and federal regulations and follows accepted practices.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **To simplify and stabilize the regulatory process. State agencies should develop and implement innovative approaches to simplify and stabilize the regulatory process. Such approaches would improve the business climate in general and provide new opportunities for smaller businesses to get started in the region. These should include:**
 - a) Creation of a single permit to cover all requirements for a single project
 - b) Voluntary no-fault environmental audits, in which agencies review environmental compliance in a constructive and non-punitive manner. Responsible parties are not penalized for inadvertent violations discovered by the audit if the violations are corrected within a specific period of time.
 - c) Negotiated regulations, in which government agencies cooperate with industry, environmental organizations, and other interests to develop and implement regulations in a manner that achieves the desired outcome without being unnecessarily burdensome.

► Two Tier/Scaled Regulation

Vermont Council on Agriculture Viability, Final Report, January 2003.

- In order to improve the regulatory climate for agricultural businesses in Vermont, the Department of Agriculture should investigate regulations for the processing and marketing of agricultural products based on risk and scale.

TAXATION

► Incentives

Northern Forest Lands Council, [Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.](#)

- **To fund Forest Legacy.** Congress should fund Forest Legacy consistently and adequately to make it a more effective tool for protecting working landscapes. The Council recommends a Forest Legacy appropriation of \$25 million per year for the northern Forest states. The effectiveness of the Forest Legacy Program should be enhanced by changing the existing legislations to include:
 - a) The option for state ownership of easements
 - b) The option for direct grants to the states
 - c) Payments in lieu of taxes to communities for easements, where appropriate.
 - d) Amendments to the “purpose” section of the law to include timber management as a use that Forest Legacy seeks to protect.
 - e) Funds for states to monitor easement compliance.
- **To fund state easement programs.** States should continue to support and fund their conservation easement programs. In addition to employing traditional conservation easements to protect productive forest land from changes in use, the programs should explore emerging voluntary conservation measures such as those listed below:
 - a) Acquisition and resale of development rights by the public on private lands
 - b) Term easements (easements of specified duration)
 - c) Rolling easements (term easements in which the easement can be renewed at specified intervals).
 - d) Voluntary agreements.
- **To fund the Stewardship Incentive Program.** Congress should fund the Stewardship Incentive Program (SIP) at the fully authorized level. There is a waiting list of landowners who have requested SIP funds. Adequate funding for SIP will encourage sound forest management by more landowners. Practices currently eligible for cost-sharing under SIP include riparian and wetland protection and improvement, in addition to timber management. Cost-share priority for fisheries and wildlife habitat enhancement is for activities that enhance the habitats of threatened and endangered species and species of special concern. The effectiveness of the program should be enhanced by:
 - a) Eliminating the constraint that only 25% of the funds in each state can be used each year for forest management plans.
 - b) Raising the 1,000-acre maximum eligibility requirement to 5,000 acres.
 - c) Allowing states to provide cost-share funds for expenses related to voluntary land protection, such as appraisals and surveys.
 - d) Requiring landowners to reimburse the granting agency if conversion to non-forest use occurs within ten years of receiving the cost-share funds.

► Current Use

New England Governor’s Conference, [Report of the Blue Ribbon Commission on Land Conservation, July 2009.](#)

- **Keeping Forests as Forests.** Strengthen and broaden current use tax programs on forest lands, such as additional tax benefits for certified lands and public access.

Vermont Natural Resources Council, [Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007](#)

- **The Forest Roundtable strongly endorses Vermont’s Use Value Appraisal Program (UVA) including continued funding.** The UVA Program has been a very successful tool for reducing the effects of parcelization and forest fragmentation and should continue to be fully funded and supported by the Legislature.

- **Educate municipal officials regarding the lack of impact of the UVA Program on municipal tax rates.** As long as the Current Use Hold Harmless payments continue to be mandated by state law, local tax rates are not directly affected by enrollment in the UVA Program.
- **Provide the UVA Program with adequate resources to administer the program.** The Agency of Natural Resources, The Department of Taxes, and the Legislature should study ways to improve the overall efficiency and administration of the Program. County foresters are overburdened with the responsibility of monitoring parcels of land enrolled in the UVA Program. Some members of the Roundtable feel that additional county foresters and staff at Property Valuation and Review are needed to help with monitoring, enforcement, and landowner technical assistance; and that options for funding new staff should be explored. Other members believe that this may not be feasible, and that improvements to the overall efficiency and administration of the Program should be explored instead. For example, options for improving administrative efficiency include removing the statutory requirement to inspect each parcel every 5 years, and improving and/or lengthening landowner reporting requirements.
- **Conduct an independent legislative study of the UVA Program which examines the statutory goals of the program and assesses the program's effectiveness with respect to the original goals. This study should also assess ways to expand landowner enrollment in the program, and assess the effectiveness of the land use change tax.** In addition, the Legislature should assess ways to expand landowner enrollment as a way to decrease parcelization and forest fragmentation. Some Roundtable members believe implementing a tiered approach like the New Hampshire Current Use Program, which has different use value categories such as wildlife habitat and open space, could improve overall enrollment in the Program. Other Roundtable members believe this would detract from the focus of use value appraisal on the contribution of working forests to Vermont's economy. Due to increasing rates of development of land that is withdrawn from the Program, the Legislature should also analyze the effectiveness of the land use change tax, which is the penalty landowners pay for developing their property after enrolling in the Program. Finally, the Legislature should study the effectiveness of the program for conserving natural ecological systems and non-timber resources, and make improvements if necessary.
- **Assess property with perpetual conservation easements at a lower value.** There is little guidance in the state for appraisers in assessing the value of land with conservation easements, which leads to inconsistency in practice among towns. Because land with perpetual conservation easements can never be developed, Roundtable participants believe land with such easements should be assessed at a value that accounts for the loss of development rights.

Vermont Department of Forests, Parks and Recreation, Primary Industry Summit: Governor's Summit on the Primary Forest Products Industry, December 13, 2006

- **Property Tax.** Continued support of UVA. Either increase oversight of the program or encourage property tax reform.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- **The Legislature should continue to assess the effect of State tax policy on farm profitability:**
 - Agricultural lands in the Current Use Program should be exempted from the Education Property Tax (cost and benefit estimated \$2,000,000 annually).
 - Special purpose farm buildings should be tax exempt (an estimated \$930,000 benefit to VT farms).

Vermont Forest Products Council, Blueprint for Action, 2003.

- Forestlands.** Forestlands should continue to be eligible for Vermont's Use Value Appraisal Program with benefits that are equivalent to those granted to agricultural lands.
- Forest Stewardship Education.** Non-industrial forest landowners are key to the success and viability of forest economy. To support education and encourage sustainable forest management among them, County Foresters should educate non-industrial forest landowners about forest stewardship. The state should support development of active demonstration sites.
- Funding Current Use.** Currently, County Foresters must administer the current use program, which leaves them little time to provide forest stewardship education to landowners. The state should fund the administration of the current use program (estimated at \$250,000 annually) to allow County Foresters time to educate non-industrial landowners.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **To strengthen current use tax programs.** State legislatures should review existing current use tax programs and adopt the following range of changes:
 - a) In states where reimbursement does not exist, institute, if appropriate, a stable, reliable, and dedicated funding mechanism for reimbursement to localities. Where it does exist, provide consistent and adequate reimbursement. Reduction in the local property tax base when lands are enrolled in current use tax programs (since assessment on these lands usually is reduced from *ad valorem* to use value) is often a concern to communities because it affects their ability to raise local taxes for local services. The effect is greatest in communities with any or all of the following: large amounts of land in current use; high *ad valorem* assessments; and large areas of public land. Stabilizing these programs by providing adequate and consistent reimbursement would encourage more local political support, help communities to provide adequate government services, and recognize that all people of a state should share the cost of maintaining the broad public benefits of a well-managed forest land.
 - b) Keep current use tax programs simple, easy to administer, stable over time, and attractive to potential enrollees. Complex programs are costly and difficult to administer, and they deter landowners from participating.
 - c) Base the current use assessment on the potential revenue from the land
 - d) Encourage sound forest management of private forest lands in current use tax programs by having specific management requirements. However, such requirements should balance management costs with benefits to both landowners and society. Further, the provisions should not be so excessive as to discourage landowners from participating.
 - e) Set penalties for conversion of enrolled land at levels that discourage conversion yet do not discourage participation. States should review their existing penalties in this light.
 - f) Include additional incentives for landowners who voluntarily allow access for public recreation, or who develop and implement forest stewardship plans that go beyond statutory requirements and are not reimbursed by existing cost-sharing programs. However, such practices must not be required for participation in current use taxation programs. Incentives could be a percent reduction from the usual assessment, an actual tax abatement, or some other mechanism. New Hampshire's current use program provides an example of a first step.
- **Consider replacing the ad valorem taxation system.** State legislatures should consider replacing the *ad valorem* system with one based on current use for all property. Under the proposed system all real property would be assessed at its current value in its current use.

Vermont Forest Resources Advisory Council, Interim Report to the Legislature, January 15, 1996.

- **Long-Term need: Property tax reform.** A major restructuring of existing tax policy is necessary to achieve fair, permanent, and predictable taxation of undeveloped land, especially forest and farm land. Productive lands must be valued and assessed on their actual "use", not on the basis of their development potential.
- **Immediate need: maintaining and strengthening the Current Use program.**
 - The State of VT must establish a stable, predictable system of taxing productive forest and agricultural land at their "use" value, so that landowners will be encouraged to make long-term investment and management decisions.
 - Until above is achieved, the State of VT should fund the Current Use program to the maximum extent possible – even during difficult budget times – due to its importance in the decision-making of private forest landowners.
 - The four Current Use programs should be consolidated into two: forestry and agriculture.

Report of the Governor's Commission on Vermont's Future: Guidelines for Growth, 1988

- Vermont should continue the Current Use Tax program until there is a general reform of the property tax/education finance system. It is a necessary mitigation measure for an often unreasonable tax burden on open-space lands. In

time the state should phase out support for lands which are not committed to long-term productive management. In addition, state and local officials should increase the monitoring of the program as well as clarify and strengthen the penalties for violators.

► **Property Transfer Tax (VHCB/RPCs)**

Vermont Natural Resources Council, Final Report of the Roundtable on Parcelization and Forest Fragmentation, 2007

- **Disburse property transfer tax revenue according to the formula set in statute.** Revenue that is collected from the property transfer tax on the sale of real estate in Vermont is supposed to be disbursed according to a formula established in state statute. In recent years, the disbursement of property transfer tax revenue has been skewed in favor of the General Fund. The Legislature should disburse the property transfer tax revenue according to the statutory formula. This would significantly strengthen the ability of the Housing and Conservation Trust Fund to conserve forestland. It would also strengthen the ability of the Regional Planning Commissions to mitigate the effects of parcelization and forest fragmentation.
- **Strengthen the collection of the land gains tax on timber sales on land subject to the land gains tax, and develop better mechanisms to track timber sales and assess taxes from these sales.** Vermont's land gains tax is imposed on gains realized through sales of land within six years of purchase. Revenue from timber sales during this period should be included in the calculation of the gain. Strengthening the land gains tax may help prevent forestland from being purchased, its timber liquidated, and then resold. Collection of proper taxes could reduce the profitability of liquidating our timber resources, and thus reduce the byproducts of fragmentation, parcelization and residential development. In addition, it would help level the playing field so that "stewardship" minded buyers could better compete in the market with liquidation minded buyers.

Vermont Department of Forests, Parks and Recreation, Primary Industry Summit: Governor's Summit on the Primary Forest Products Industry, December 13, 2006

- **Land Gains Tax.** Improve enforcement, include timber value, eliminate 300 acre threshold.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **To exclude from income tax a portion of the gain from conservation sales.** Congress and the state legislatures should change their income tax codes to exclude from income tax a portion of the gain received from sale of "qualified forest lands" and conservation easements to public conservation agencies (or third party organizations if lands are re-conveyed to a public agency within two years).
 - a) For sale of a conservation easement, the exclusion from income tax should be 100% of the gain.
 - b) For sale of fee title, the exclusion from income tax should be 35% of the gain, up to a maximum of \$100,000 in taxes payable.
 - c) For sale of fee title to third party entities (such as non-profit land trusts), the exclusion should be allowed only if lands are re-conveyed to a public agency within two years.

► **Public Values and Ecological Services Valuation**

New England Governor's Conference, Report of the Blue Ribbon Commission on Land Conservation, July 2009.

- **Keeping Forests as Forests.**
 - **Support climate change policies that recognize the importance of New England's forests in combating greenhouse gases and climate change.** These policies will: a) Allow carbon offset credits for forestry projects that provide net carbon benefits and store additional carbon in a verifiable and permanent manner;
 - **Provide strong incentives to private landowners to conserve forest land and manage it in a sustainable manner.** c) Develop public and private programs that provide payments to private forest landowners for

management practices that increase carbon sequestration and provide other ecological services such as clean water and biodiversity.

Northern Forest Lands Council, [Finding Common Ground: Conserving the Northern Forest](#), Recommendations of the Northern Forest Lands Council, September 1994.

- **To institute a national excise tax on recreational equipment.** Congress should institute a national excise tax on outdoor specialty recreation equipment (e.g., climbing gear, hiking boots) to support wildlife and recreation management on public lands through assistance and compensation to landowners.

► Capital Gains and Inheritance Taxes

Vermont Department of Forests, Parks and Recreation, [Primary Industry Summit: Governor's Summit on the Primary Forest Products Industry](#), December 13, 2006

- **Capital Gains Tax.** Should be indexed to inflation.
- **Estate Tax.** Eliminate / adjust for family owned business.

Vermont Council on Agriculture Viability, [Final Report](#), January 2003.

- Capital gains taxes should be eliminated on farm assets sold to another farmer or to a new farmer ("farmer" as defined by Current Use).

Northern Forest Lands Council, [Finding Common Ground: Conserving the Northern Forest](#), Recommendations of the Northern Forest Lands Council, September 1994.

- **To change estate tax policies.** Congress and the state legislatures should change estate tax policies to reduce the pressure on heirs to sell, convert, or otherwise change the character of family forest ownerships. This should be done by: (a) allowing heirs to make post-mortem donations of conservation easements on undeveloped estate land, and (b) allowing the valuation of undeveloped land at current use value for estate tax purposes if the owner(s) or heir(s) agrees to maintain land in its current use for a generation (25 years).
- **To allow inflation adjustment on the original cost of timber.** Congress and states should change income tax policies to allow adjustments for inflation on the basis (original cost) of timber owned by forest landowners. This would tax landowners on the real gain (not inflationary gain) from selling timber, thereby recognizing the long-term nature of forest land investments. This recommendation refers to timber revenue only, not timber land revenue.

INCENTIVES

► Ecosystem Compensations

Vermont Natural Resources Council, [Final Report of the Roundtable on Parcelization and Forest Fragmentation](#), 2007

- **Develop a system to consistently quantify, recognize, and compensate landowners for the value of ecosystem services provided by forestland in Vermont.** Some of the many services that ecosystems provide are: water filtration, climate regulation, nutrient cycling, pollination, pest control, disease regulation and flood control. The development of mechanisms to quantify these benefits is still in its early stages due to the difficult nature of quantifying them, and the vast range of the benefits to recognize, from wildlife habitat and watershed functions to carbon storage in forests. In one of the first studies to put a price tag on nature's services, it was estimated that ecological services worldwide are worth nearly \$33 trillion per year. As private land is developed, we are losing valuable ecosystem services that forests provide. Quantifying the value of ecosystem services provided by forestland in Vermont may better justify investments in conservation efforts and lead to increased compensation to landowners for fostering these services.
- **Communicate the value of forests to the public in everyday terms, including the ecological benefits that the public is receiving for free from healthy functioning forests.** Services produced by ecosystems are generally free of charge.

The costs of providing these services are generally borne by private landowners. For example, a service such as water filtration is performed by the root structures of trees and plants without a cost to society. According to the U.S. Forest Service, “when our forests are undervalued they are increasingly susceptible to development pressures and conversion. Recognizing forest ecosystems as natural assets with economic and social values can promote conservation and more responsible decision-making.”

- **Convene a forum on how to manage for ecosystem services at the regional scale, paying attention to property rights, alternative models of ownership and management, and to required policies and distribution of costs and benefits.** Managing for ecosystem services in an effective manner implies adopting a landscape (or watershed or regional) planning approach, because that is the scale at which most ecosystem services are provided. Conservation planning at the regional scale, for example, is a way to manage for ecosystem services. Similarly, managing for recreation could mean implementing a management plan that is coordinated at the regional scale. A forum should be convened to develop strategies to manage for ecosystem services at the landscape or regional scale, taking into consideration the distribution of costs and benefits between providers and beneficiaries of ecosystem services, and devising proper ways to compensate providers.
- **Fund the development of build-out models and case studies to show projected impacts on ecosystem services in order to assist planning, conservation, and stewardship activities.** Developing build-out models and case studies could assist planning efforts and conservation and stewardship activities by highlighting important ecosystem services that should be maintained. Visual models and case studies are good tools for weighing management decisions that could impact ecosystem services.
- **Create a model for community based Timberland Investment Management Organizations (TIMO’s) that can buy and manage forestland collectively.** Timberland Investment Management Organizations (TIMOs) are single organizations or a collection of individuals and organizations that purchase timberland as a financial investment. Creating community based TIMOs could leverage the ability of landowners to buy and manage forestland collectively. Such an arrangement could help individual landowners pool their resources and share the costs of ownership and management.
- **Support the establishment of landowner cooperatives that foster conservation, forest stewardship, ecosystem services and forest product marketing efficiencies.** Potential exists to create landowner cooperatives to foster conservation, stewardship and market forest products. The agricultural sector has been successful in providing a stable market for raw materials while increasing member buying power and providing a larger presence in the market place. Existing forest landowner cooperatives such as Vermont Family Forests have been successful and should be explored as a means of addressing parcelization.

► Public View, Recreation & Tourism Values Compensation

Northern Forest Lands Council, [Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.](#)

- **To promote public policy to provide forest-based recreation.** Congress and state legislatures should enact legislation and promote public policy to provide forest-based recreation opportunities to the public. Such initiatives would encourage landowners to keep their land open and available for responsible public recreation. **Initiatives should, at a minimum, include the following:**
 - a) Strengthen liability statutes to protect landowners...
 - b) Establish hold-harmless mechanisms for landowners who open their land to public use, whereby each state underwrites a landowner’s defense against....
 - c) Additional reductions in property taxes for landowners who allow responsible public recreational use of their lands.
 - d) ...

EDUCATION FOR THE PUBLIC

Vermont Department of Forests, Parks and Recreation, Primary Industry Summit: Governor's Summit on the Primary Forest Products Industry, December 13, 2006

- **Public Awareness, Perception and Recognition of the Forest Products Industry:**
 - Develop common messages to appeal to different values and current issues, i.e.: global climate change, carbon sequestration, organics and locally grown initiatives, public health and exercise, ecosystem services and energy independence and the role of our forest resources in it.
 - People need to learn the direct connection between working landscapes and the aesthetics they love.
 - A need to promote public relations about the forest products industry that is positive and reflects upon the role and the long history of the industry. There must be a point to a campaign such as the “buy local” initiative for agriculture.
 - Have an educational plan that meets state educational standards to promote the benefits of the forest products industry to young people.

Vermont Council on Agriculture Viability, Final Report, January 2003.

- The Department of Education should draft and recommend a model food policy for local school districts to consider. Such a policy would provide guidelines for nutrition education, farm and gardening activities, food served in schools, and the purchasing of local farm products for school food services.
- The Vermont Department of Education should develop and distribute a “best practices” model to encourage the use of Vermont agricultural products in school food programs. This model should be shared throughout the state through the Vermont Department of Education’s Child Nutrition Programs and also the local schools’ food advisory councils.

Vermont Forest Resources Advisory Council, Interim Report to the Legislature, January 15, 1996.

- The State of VT should make a greater effort to inform and educate the public about the importance of forest-based industry and businesses to the economic well-being of Vermont.

Northern Forest Lands Council, Finding Common Ground: Conserving the Northern Forest, Recommendations of the Northern Forest Lands Council, September 1994.

- **To educate forest users and the public about sound forest management.** States should strengthen and expand current programs to inform loggers, foresters, landowners, and the general public about sound forest management practices, and the Principles of Sustainability. These programs should include continuing education for foresters and loggers.

Report of the Governor's Commission on Vermont's Future: Guidelines for Growth, 1988

- **Education** – The Agriculture Department should work with the Department of Education to expand and promote the educational curriculum of agriculture in the school system.

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