

**Forest Roundtable**  
**Convened by the Vermont Natural Resources Council**  
**October 16, 2009**  
**Draft Meeting Summary**

**Meeting Participants:** Put Blodgett, Darby Bradley, Jake Brown, Peter Condaxis, Dan Davis, Jamey Fidel, Matthew Hoffman, Bill Keeton, Bob Klein, Lynn Levine, Caitlin Littlefield, Steve Long, John Meyer, Brian Moyer, Jared Nunery, Carl Powden, Melissa Reichart, Adam Sherman, Senator Peter Shumlin, Laury Saligman, Hervey Scudder, Jim Shallow, Steve Sinclair, and Peter Upton.

**Introduction**

Jamey Fidel provided a brief overview of the agenda for the day. Jamey mentioned that he submitted a grant to the State and Private Forestry Redesign Competitive Grant Process to fund the Forest Roundtable, and host a summit on keeping land in multi-generational ownership. The Roundtable would help coordinate the summit and technical trainings to deliver tools to landowners to make owning land more sustainable over time.

Steve Sinclair mentioned that he forwarded the minutes from the last meeting to the Commissioner to share with the Governor. In particular, the Governor may be interested in the Roundtable discussion on the status of the logging industry.

**General Updates from Roundtable Participants:**

Jamey Fidel provided an update that the Biomass Energy Working Group has set up sub-committees to focus on various aspects of biomass policy (forest health, promoting biomass energy, monitoring etc.). The sub-committees have met and the larger working group will produce a status report this year, but the bulk of the group's work will be produced in 2010, including any potential recommendations.

Adam Sherman: BERC will update the VT fuels supply, incorporating new FIA data to update the report. Updates will include an expansion of the past report on VT fuel supply.

Lynn Levine asked if the forest inventory includes regeneration?

Adam responded that the NEFA model might be better at looking at future changes in forest, as this model is looking at current fuel supplies and not modeling forest growth.

Hervey Scudder: His organization is looking at biomass energy production and the primary concern is in protecting the forest from free market forces. After peak oil, pressures may

increase on forest biomass energy and put pressure on landowners to harvest more. Hervey asked if the biomass working group is looking at this?

Jamey responded that the working group is addressing this issue through an examination of the best way to maintain forest health in light of increasing demand for biomass energy.

Steve Sinclair mentioned that Eric Sorenson has received about 30 requests for enrollment of new ecological sensitive areas in the Use Value Appraisal (UVA) Program. Activity seems to be more in the northern parts of the states. The requests have identified new natural communities that the Fish and Wildlife Department was not aware of. Forests, Parks, and Recreation are working on revisions for the UVA manual, and we will be scheduling meetings in December with consulting foresters to get feedback. The manual should be available in April of 2009.

Regarding EQUIP, this fiscal year there were 20 applications for forest management plans, and 30 for actual management practices (TSI, invasive control, riparian activity). There are \$250,000 dollars going towards cost-share, though number should be increasing (perhaps to \$1 million) over the next few years. The downside of the EQUIP money is it is a paperwork nightmare for NRCS, consulting foresters, and a potential burden on state employees too.

BCAP (Biomass Crop Assistance Program) will allow chip brokers to get an added bonus for chips sold to biomass energy plants. Chips must come from land managed under approved management plans by the state. Provides financial advantage to broker or producer of chips – not to land owner – but makes a better market for low value products over time.

Peter Condaxis: I have not heard that it requires a management plan from approved lands.

Steve Sinclair: The regulations state that the plan must meet standards as approved by the state forester.

Peter Condaxis: I'm not sure if that is well understood. In addition, this does nothing for the facility. It actually provides costs to the facility.

Steve Sinclair: Regarding the state forest resource plan (requirement of 2008 Farm Bill), we are finishing up the assessment, and now writing drafts, and will want to use the Roundtable to help review the plan. A draft will probably be available in Jan.

Mathew Hoffman: We have received a grant to work in the southeast corner of Vermont to reduce forest fragmentation. The work began with survey of landowners to determine their interest in managing land for biodiversity. We found that financial compensation was a low motivator, but assurance that adjacent landowners were also doing it was a greater motivator.

Lynn Levine: I recently produced a high school curriculum for project learning tree, with a goal to get students to explore the implications of forest fragmentation.

Steve Sinclair: USFS suggests that we work at the multi-landowner landscape level of management, as opposed to individual landowners. Mathew's work may be a great model for the state.

Laury Saligman: We have a project looking at carbon offsets as a way to help over-harvested lands in the Northeast Kingdom. We received a Conservation Innovation Grant to do a pilot project with a single landowner in the Northeast Kingdom. Though we are working with a single parcel, we are looking towards aggregation. Recognizing the challenge with transaction costs, this study will look at the economic viability of managing land for carbon. Bill Keeton is working with us, and he is looking at silviculture prescriptions that maximize carbon sequestration.

Bill Keeton: Part of the context of this project is to see if you can develop a market for this work on a severely high-graded parcel. Research component will look at different markets. Other research being performed at UVM includes:

- A completed study on forest management effects on carbon sequestration, where we explored the tradeoffs in carbon storage between different silvicultural techniques.
- Received an NSRC grant to look at the ecological effects of biomass harvesting.
- Worked on a study to look at the maximum carbon storage potential in northern forests - tried to reconcile conflicting research. The paper is now in press.
- Working with Cornell to create a model to predict dead wood volume in streams based on forest age.

Jamey Fidel: We can post research on the Forest Roundtable website so that it is more readily available to folks.

### **Interstate Weight Limit Discussion:**

Jamey Fidel: My hope was that we would have a diverse group of stakeholders (CLF, rail lobbyists) to gain a more holistic view of the issues associated with raising the weight limits. However, several key stakeholders with a diverse viewpoint on this issue were unable to make it today.

Steve Sinclair: At the last Roundtable meeting, some of us had to leave to go to Senator Sanders' office to talk about biomass. One thing that came out of that meeting that came from everyone was increasing the weight limits. Commissioner Gibbs had a follow up meeting and strongly

urged Senator Sanders to increase the highway weight limit. Senator Sanders needs to talk to Senator Leahy to move this forward.

Bill Keeton: It would be helpful to have an overview of the issue. What was the original rationale for the imposing the interstate weight limit, what are the legal constraints, how does it affect federal funding?

Carl Powden: I think what it boils down to is other states in our region have increased the weight limit.

Adam Sherman: The weight differential between interstate and secondary road limits is a big issue, it is much higher on secondary roads forcing the trucks to run secondary roads. Costs could be much more efficient if trucks could use interstates, but there are concerns of putting the wear and tear on the interstates that cost more to fix.

John Meyer: All of the states around Vermont have higher interstate weight limits, so the argument to protect the interstate doesn't seem to make sense. This is a major issue in Brattleboro, where trucks driving through towns in the snow is dangerous.

Jamey Fidel: One fear is that increasing the number of states with increased limits puts us on a slippery slope nationally, shifting transport away from rail to roads. There are also concerns with safety, especially in wintertime, and wear and tear on federal roads.

Adam Sherman: For products that are more geared to longer hauls, rail makes sense. But for local goods and raw goods, rail is ineffective and inappropriate. For goods moving locally, trucking is more efficient. We are not trying to set up a disincentive for long distance movement where rail makes sense.

Jamey Fidel: One outcome of increasing the weight limit may be lower overall emissions as we shift to more interstate travel and away from the use of secondary roads. The Transportation Research Center (TRC) at UVM has done research on this topic, which will be available soon.

Steve Sinclair: Part of the Senator Leahy's hesitance is a strong memory of the lack of support over wilderness designation.

Jared Nunery: What about tolls- how much funding in other states comes from tolls to pay for wear and tear?

Carl Powden: Perhaps a sub-group of more well informed folks should sit down with Tom Berry (Leahy staff) to discuss this issue. Perhaps this would provide clarity as to what specifically is keeping this from going forward.

Peter Condaxis: The smaller group should represent the diversity of the Roundtable, so it is not just one sided.

Adam Sherman: For an agenda item for next month should we include putting together/drafting something to show our support for increasing the weight limits?

Jamey Fidel: Before drafting something, first we might want to include other stakeholders.

Bill Keeton: We should take a more holistic approach, include rail lobbyists, maybe it would be helpful to look at both aspects of this.

Jamey Fidel: Let's get a presentation from the TRC on their research and talk with CLF, the rail lobby, then see what position we take. Let's also identify a smaller working group that will address this issue. John (VFPA), Put (VWA), Carl (VLT)

Steve Sinclair: Also engage Tom Berry (Leahy), Ethan Ready (Sanders), Patricia Coates (Welch)

There was general agreement that we should meet in December to continue our work on the weight limit issue.

### **Current Use Discussion:**

Jamey Fidel provided a quick overview of last year's response to potential cuts in UVA. Some legislators opposed the cuts, and in the end the proposal came off the table, but it was contingent on looking for savings in FY '10. Jamey presented a memo from a variety of stakeholders to the Legislature to identify potential options for improving the fiscal sustainability of UVA. The process is there will be Joint Fiscal Committee hearing on 11/4. This is an opportunity for anyone to come and speak. The Joint Fiscal Committee will then meet on 11/12 to discuss recommendations.

Darby Bradley stressed how close we came to disaster, as the proposed cap for inclusion in UVA would have been a fundamental change that underlies the Vermont working landscape. In response to the legislative mandate to find \$1.6 million in savings, several organizations got together (VLT, VNRC, TNC, Farm Bureau, Rural Vermont, VWA, and Audubon Vermont) to look at options to find ways to save 1.6 million from UVA. The groups worked with Deb Brighton to quantify the impacts on individual landowners and municipalities of proposed

options. The overall goal was to try to strengthen UVA for effectiveness in accomplishing its fundamental goals while increasing fairness to participants. The group identified the current problems in the structure of UVA and came up with options to meet 1.6 million goal, but also created options to meet more long-term goals of the policy/program. The group is now meeting with various stakeholders to get feedback on the memo and pull together final recommendations to present to the Joint Fiscal Committee.

Darby noted that we will only have a positive influence if there is a unified coalition, as with the clearcut issues years ago. If this is going to have any impact on the 2010-2011 fiscal year, this has to happen ASAP. Basically the law has to be passed by the middle of February, in time for the lister training, and the development of grand lists. If we miss the February deadline, it gets pushed into the budgeting process in May where it will be seen as an economic fix, rather than as a policy to conserve the working landscape. This will not be good for preventing cuts to UVA.

The main ideas in the short term are to:

- Expand homestead exclusion from 2 to 5 acres to capture more of the amenity values associated with a house.
- Change the land use change tax, increasing to 10% of fair market value as in NH. It is successful in NH because it is done locally (by municipalities). Here in VT, the state administers the land use change tax it, and it is less effective. There would need to be an easy out if the land use change tax is changed.
- Increase the property transfer tax to the same rate as other real estate transactions.
- Collect a temporary administrative surcharge (\$25/parcel, max \$100) to go strictly towards the development of an electronic system.

Ideas that are long-term fixes include:

- Create more equitable formula for the state's support of municipal services.
- Ensure adequate staffing.
- Provide incentive for landowners who do not post their land - possible tiered system.

Jamey Fidel: Recent media on UVA – John Margolis has a blog on UVA where he is promoting negative perceptions about UVA – “tax relief for the wealthy”. The media is starting to pick up on this, which could go either way for our interests.

Darby: A key point to remember is the issue of program vs. policy and the way the reimbursement works. The legislature describes the cost of the program as the lost revenue from foregone tax revenues (43 million), rather than the actual reimbursement costs (10.7 million – which is a state general fund appropriation given to municipalities to support municipal services). It's a public policy issue. Hence this is a policy, not a program.

John Meyer: Should numbers # 8 (strengthen public understanding of the program) and # 4 (create a more equitable formula for the state's support of municipal services) be included in this report, if this report is strictly about saving money, as these two options do not save any money as written? John stressed concern that number 4 and appendix will create arguments between towns and distract the legislature from the actual issue at hand.

Jim Shallow: Originally, the focus of this memo was to look at short term and long term policy options, although now efforts are focused on short term policies to expedite the process.

John Meyer: John questioned the need to present the legislature with anything at all that looks like this. All of the other recommendations mean an increased cost to landowners, and landowners have not been included in this process. The legislature took the current use cap off the table when they couldn't pass the budget with it in there.

Steve Sinclair: And it's an election year this year.

John Meyer: What is the legislature really saying when they say we want 1.6 million? The Council for the Future of Vermont made it emphatically clear that the working landscape is the most important aspect of why Vermonters want to live in Vermont. Why is the legislature looking at the sector of Vermont's economy that is hurting the most (logging and agriculture) to produce the money to fill the deficit? If it is necessary to get the 1.6 million, instead of going into UVA policy and implementing mechanisms that will cost UVA landowners money, why not raise state property taxes rather than targeting working lands?

Senator Shumlin: I'm not sure that many Vermonters understand the tremendous challenges that we face as a state. Currently we are in a very bad state, following a variety of poor decisions driven by too many promises that were unable to keep. We have cut \$200 million in the last months, and we have \$80 million still to cut. Currently, I'm optimistic as there is going to be a large economic boom as we shift from fossil fuels to renewable. In the past Vermont missed the tech boom, the industrial revolution, but Vermont is in the position to not miss the renewable energy boom. Healthcare - VT can get a better system that will help alleviate budget issue. Current use - climate change will affect food production, the working landscape creates resiliency in the economy. The local movement will create resiliency from within. The last \$80 million to cut from the budget will be the hardest, the \$200 million were the easy cuts. I assure you that everybody is going to pay, because the Governor's proposal was to shift the State's fiscal problems back to the local property base - which is why it was vetoed. When we are done with the budget issues, everyone will pay, the question is when we make the cuts to current use, how do we come up with a way to reduce the money without destroying the program. Because if you don't join us in making this decision and help us, it will be done to you. The \$1.6 million number is probably low. I'd go bigger if I were you.

John Meyer: I suggest that if you need money, look for the broadest based taxed, rather than one that targets individuals in the program that are vulnerable.

Senator Shumlin: The \$1.6 million is a fictional number; the real number is \$80 million. Yesterdays conversation in the State House went: “how we gonna’ get a bunch of money out of current use, cause we’re doing it everywhere else.” UVA has to make a contribution to the cuts. Just simply saying someone else needs to pay isn’t going to fly.

John Meyer: The only option suggested in the memo that might hit everyone is the administrative fee. There is no equity in any of options.

Steve Sinclair: This program benefits everyone in Vermont, and private land in the program provides public benefits to everyone, so why should the landowners providing the benefits pay?

Senator Shumlin: If revenues recover 10% this year and 10% next, it would only save \$30 million. We need to find a way collectively to achieve savings, we can do this in a way that will not destroy, but rather preserve the program until the budget is fixed.

John Meyer: I like Steve’s comment, that the public benefits of UVA cannot be ignored. This program is important to the public, yet they are getting a free ride.

Senator Shumlin: The budget that passed in the Senate last year included cuts that would have affected UVA, and they took it out with the agreement that a solution would be made. But you can’t come back without a solution, as that was not part of the deal. Darby and others have provided solutions. Simply saying UVA cannot be touched will not work in the State House. Furthermore, raising the property tax will be on the table.

Put: For example, we are cutting a million out of the judiciary system, so we all have to bear the burden somehow and none of us look forward to it.

John Meyer: Would new maps be necessary if you made the homestead change?

Darby: Not immediately, at some point they would be necessary, but it could be done when forest management plans are rewritten as required by UVA.

John Meyer: Will the homestead be re-appraised at a different value, creating an internal contradiction?

Jamey Fidel: We discussed this, and as a landowner you could appeal, but we are also looking for a way to resolve this without an appeal.

Carl Powden: You could look at the appraisal of similar properties in the town.

John Meyer: Some kind of regulation of the lister valuation process is necessary.

Jamey Fidel: Is there a mechanism that we can think of to protect the landowners from overvaluation problems with the listers?

Lynn Levine: What solution would you suggest? (Directed at Senator Shumlin regarding the options proposed in the memo).

Senator Shumlin: I encourage you all to come back with a solution that you support and I will look to implement it.

Darby Bradley: Could you include a provision that the homestead shall be assessed as though it were a house lot of 5 acres?

John Meyer: Listers can subdivide lots and value the lots individually rather than as a whole. Merging the 3 acres to the 2 acre homestead exemption opens Pandora's box for listers to revalue the homestead. Instead the 3 acres should be treated individually.

Put Blodgett: You can bet that once it becomes a 5-acre lot it will never go back to 2.

Matthew Hoffman: What is a farm dwelling as defined in the memo?

Darby Bradley: It's the farm labor house. The farming community and the forestry community need to stick together. Most farm owners earn the living from the land, while more forester owners do not.

Jamey Fidel: The temptation for the legislature will be to carve out exemptions for agriculture. If agriculture and forestry interests do not stick together, the forest owners will get hit harder. We have a decision to make. We can look for solutions or we can ignore what Senator Shumlin said, and try to argue that UVA should be taken off the table, but it's a serious gamble with serious potential consequences.

Peter Condaxis: If the legislative thinks we owe them something, then we better come back with something.

Lynn Levine: The 5 acres homestead change is simple.

Steve Sinclair: Don't lose sight of what John was talking about. The burden gets spread across the entire state versus just targeting UVA alone.

Jamey Fidel: That's a gamble, as the property tax is going to be raised anyway.

John Meyer: The difference between this year and last year is that last year there were no hearings, no due process, it's a very different environment than what we are going into now. Leaves time for a deliberative process to rationalize decisions; identify what's practical and what isn't.

Carl Powden: As a former legislature, the understanding of the working landscape is not prevalent throughout the legislature. For this reason I am hesitant to rely on a groundswell of support in the legislature for the preservation of the working landscape.

Lynn Levine: It is clear that more education is needed about the importance of the working landscape.

Steve Sinclair: If you need ammunition from the state: Under UVA, 1.6 million acres of forest are being managed at a state standard. 40% of the state forests are being managed at a state standard – that's key.

Darby Bradley: There are more landowners in Vermont that don't know how to manage their land, as they didn't grow up in a family with the tradition of land management, so getting foresters out with these folks and writing management plans is vital.

Melissa Reichart: Also there is a misconception that UVA is a program to support wealthy landowners that close their land.

Carl Powden: The Meyer Plan is to increase property taxes across the state, and then re-distribute money equitably across the state. This is a focus of the policy options we studied because of the need to reimburse municipalities equitably. The municipal reimbursement rate would be set by the state.

Put Blodgett: A tiered system that rewards people for not posting land, as in NH, is a good system.

Darby Bradley: NH has this, but includes mechanisms for having the ability to post land if needed (i.e. with agriculture, ATV damage, etc.)

John Meyer: Deer pressure is a huge issue in Vermont. Foresters suggest not posting in order to control deer populations. So tiering is already happening through mechanisms such as this, so financial rewards are unnecessary.

Jamey Fidel: Let's focus back on the policy options. What about the real estate transfer tax and the land use change tax?

Darby Bradley: The change to the land use change tax can only happen if it's administrated locally.

Steve Sinclair: County foresters are most in favor of the land use change tax. Another way to look at it is by withdrawing from the program, you are being penalized as now you are being taxed more.

John Meyer: Raised concerns about kicking people out of the program if they cut out of compliance due to financial problems. There should be a process where these issues can be addressed without kicking people out.

Darby Bradley: John makes a good point (story about elderly landowner being kicked out of UVA because he harvested 5 years early).

Steve Sinclair: There is a process where landowners can appeal to the Department of Forests, Parks, and Recreation.

Melissa Reichart: The short-term goal is to save money. Some of what we are talking about are good ideas to implement. We should split these policies apart, to avoid muddling them together.

Carl: If you change the UVA rules, landowners can bail, so you want to minimize the opportunities for landowners to withdraw from the program. For this reason we should be careful about dividing up these issues, and offering multiple opportunities for landowners to exit the program.

Melissa Reichart: We need to identify which options are most valuable.

John Meyer: The temporary fee and the property transfer tax are the best options, followed by a moratorium on new enrollees for 2011. We did this in '92 when draconian cuts to program were being made. Moratorium doesn't save much but it shows we did something. One of the original points of the program was not to lock landowners into the program.

Carl Powden: Regarding the land use change tax, rather than just being a deterrent, if there is an easy out, landowners would be encouraged to think about the lands they want in the program, and they could pull out the small acres prior to re-enrollment.

Jamey Fidel: Let's try and leave here with something concrete to work with. The land use change tax seems to have support, and potentially setting level reimbursement to municipalities.

Darby Bradley: We need to create mechanism to regulate listers. One proposal is to use the bulk rate for valuing the 5 acres and ignore the cumulative value.

Jamey Fidel: Let's recap. The group working on current use proposals will send a new version of its work to the Forest Roundtable listserv. The consensus of the group is that we will meet again in December to discuss UVA and the interstate weight limit issue, as well as the Biomass Energy Development Working Group, and the ANR forest block analysis.

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