

CONSERVATION

Buy Land: They Ain't Makin' Any More

By G. Tracy Mehan III

James D. Range, chairman of the Theodore Roosevelt Conservation Partnership and an experienced conservationist, takes the long view in his foreword to the first of the volumes reviewed here:

The history of conservation in America has shown that where the public recognizes a good cause, it can marshal the political will, the nonprofit passion, and the corporate focus to fund the work in a relatively straightforward way. But as times change, our funding methods can, and need, to change. While many investments in conservation continue to be well justified and will produce public benefits long into the future, *record-setting annual federal deficits and massive accumulated national debts in recent years have put intense pressure on conservation budgets at the local, state, and federal levels* [emphasis added].

This man speaks the truth. The federal budget is being consumed by entitlement spending. The Government Accountability Office reports that unfunded liabilities (“implicit exposures”) associated with future Medicare and Social Security benefits increased 197 percent between 2000 and 2006, from \$13 trillion to \$38.8 trillion. Mandatory spending such as this amounted to 53 percent of the 2006 federal budget.

Americans are presented with a pair of paradoxes as they relate to funding what was once viewed as inherently governmental functions. First, the federal government, despite its gargantuan budget, is broke. Second, the amount

of private wealth and capital available is astounding and now more commonly directed toward ends normally associated with philanthropy, non-profit organizations, and government. For instance, 61 percent of American giving overseas comes from the private sector. Foundations give about \$3 billion annually, almost double any Scandinavian country.

So the publication of *From Walden to Wall Street: Frontiers of Conservation Finance* is very timely. Editor James N. Levitt of Harvard has collected essays or chapters by 16 contributors, all “sophisticated conservation finance practi-

It will take quite a bit of money to deal with a nation undergoing rapid changes such as the divestiture of millions of acres of commercial forests, large undeveloped tracts that are now at risk of fragmentation and development due to changes in the economic structure of the paper industry. Moreover, the relentless growth of suburban communities brings these same challenges as well as negative consequences for water quality due to the spread of impervious surfaces. This leads to an increase in polluted stormwater runoff and the destruction of stream habitat due to increased water velocity. In the Chesapeake Bay basin, population growth increased impervious surfaces from 611,017 to 860,004 acres between 1990 and 2000.

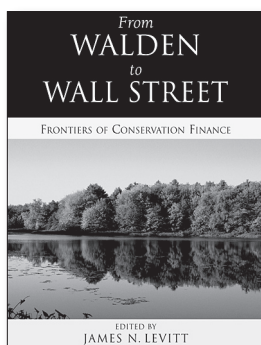
Frank Casey, director of conservation economics at Defenders of Wildlife, authored a chapter in this collection outlining the magnitude of the chal-

lenges facing conservationists nationally. He points out that 67 percent of the populations of at-risk species, be they imperiled, threatened, or endangered, are not known to live on federal lands. Nearly 70 percent of the land available for conservation is in private agricultural or forestry use. Given the reality of private ownership, “a menu of incentive strategies in addition to land acquisition will be required to attain conservation objectives,” writes Casey.

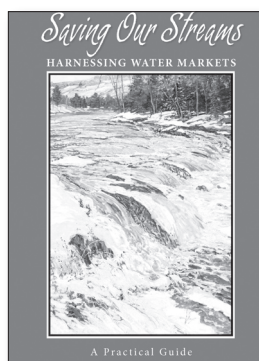
Casey also attempts to calculate the total amount of conservation dollars needed over the next three decades.

Depending on the mix of land acquisition tools — fee simple purchases, acquiring conservation easements, or land rentals — the cumulative cost would range from \$252 billion to \$428 billion.

The “conservation finance pie for land acquisition” reached an estimated \$2.7 billion in 2003, excluding temporary land rentals and small land trusts. The federal government accounted for



**From Walden to Wall Street: Frontiers of Conservation Finance.** Edited by James N. Levitt. Island Press; 235 pages; \$64.95.



**Saving Our Streams: Harnessing Water Markets,** by Brandon Scarborough and Hertha L. Lund. The Property & Environment Research Center; 82 pages; \$10.00.

tioners,” describing a series of Conservation Leadership Dialogues convened by the Lincoln Institute of Land Policy over three years, 2002 to 2004.

Will Rogers reportedly said, “Buy land. They ain't makin' any more of the stuff.” Levitt and his colleagues took this advice and focused “on a topic about which nearly every participant had a strong opinion and abundant experience: money.”

52 percent of this figure, state and local governments furnished 38 percent, and private funding, primarily from land trusts, contributed 10 percent. Casey estimates an annual average funding gap of between \$1.9 billion and \$7.7 billion over a 40-year time horizon.

It is worth noting the robust growth in land protection in the non-federal categories which might provide some hopeful news in light of Casey's projections. The 2005 National Land Trust Census reveals that total acres conserved by local, state, and national land trusts doubled to 37 million acres over the past five years, an area over 16 times the size of Yellowstone National Park. The number of land trusts has grown to 1,667, a 32 percent increase over the same period. These same private land trusts increased acreage protected by conservation easements by 148 percent. If land trusts keep up their current rate, they will conserve a total of 49 million acres by 2015.

This progress is aided by favorable tax treatment, which is being taken to an even higher level, as described in an essay by Philip M. Hocker, a private conservation consultant. Hocker was instrumental in enacting Virginia's 2002 law making its state income tax credit for land donations directly transferable. This allows donors of easements, who are land rich but cash poor, to generate income through the sale of their credits.

Hocker notes the obvious political appeal of this tax policy and its potential throughout the country: "Once these incentives are enacted, the land conservation community can defend them with the combined support of all the pro-environment, anti-sprawl, anti-tax, and pro-landowner constituencies in every state."

Recent data also show that land conservation is a thriving enterprise at the state and local level, if the 2006 elections are any indication. According to the Trust for Public Land, there were 130 conservation funding measures on the ballot, of which 104 passed, authorizing \$6.4 billion in new funding — a success rate of 80 percent. This was the

most money ever raised for conservation in a November election, in both Red and Blue states.

Ernest Cook and Matt Zieper of the Trust for Public Land co-authored a chapter on New Jersey, a high-income, high-tax state which has the highest rate of county and municipal support for ballot measures to protect land due to substantial grants of authority, matching funds, and a unique political culture. The authors argue that if every state had the same policy framework, local government ballot measures for land conservation would have been nearly four times as high, increasing from \$8.8 billion to \$33 billion in the five-year period from 1999 to 2003.

Several contributors explore new ways to expand federal support through a variety of non-traditional programs, budgets, and laws, specifically those relating to the Department of Transportation, the Army Corps of Engineers (20 percent of whose budget now goes to conservation and environmental projects), and the behemoth Farm Bill.

Not discussed in this book, but of great interest to conservationists, are recent legislative proposals for a cap-and-trade law to limit greenhouse gases which would generate funds for land-based activities to mitigate or adapt to ecological changes due to global warming.

If higher state and local taxes and more federal debt are not your cup of tea, *From Walden to Wall Street* offers exciting chapters on new and creative strategies such as external revolving loan funds; public-private partnerships; and the potential of debt markets, convertible tax-exempt financing, emerging tax benefits, and private equity markets for conservation organizations which have the capacity to manage these tools.

This reviewer was also impressed by Steve Weems's contribution on the federal New Markets Tax Credit, which has been utilized in the protection of vast

stretches of Maine's forests in economically distressed areas. This is a complex, albeit powerful, tool for helping people while conserving the landscape.

**M**arkets and financial incentives are also coming to the rescue of rivers and streams in the arid West, where flows are in decline to the detriment of fish and wildlife. Western states regulate water use under the doctrine of prior appropriation; i.e., first in time, first in right. The rights acquired by a water user are protected and valuable. This creates an opportunity to create water markets and pursue voluntary exchanges to buy or lease the owners' rights to the flow.

The Property and Environment Research Center has recently published *Saving Our Streams: Harnessing Water Markets*, by Brandon Scarborough and Hertha Lund, an updated and expanded version of the original 1998 guide authored by Clay Landry.

This publication provides information on the legal regimes governing stream-flow markets, recent market activity in 11 western states, and suggestions for policymakers. It documents the growth of private water trusts and government institutions which use markets and incentives to protect stream flows. Since 1998 more than \$300 million (adjusted for inflation) has been spent on leases and purchases of water for instream, four times the amount spent between 1990 and 1997.

As documented by these two recent publications, the conservation movement is pioneering new and innovative methods for achieving its long-standing and traditional goals.

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*Pioneering new and innovative methods for achieving long-standing conservation goals*