

FAQ'S – THE FOREST LEGACY PROGRAM

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FAQ'S – The Forest Legacy Program

1. What is Forest Legacy?

Forest Legacy is a federal program designed to protect and conserve environmentally important forests. Originally, a part of the 1990 Farm Bill, Forest Legacy has been used to purchase key forest or the development rights on those forests to protect them as working forests forever. The Forest Legacy program provides funding for up to 75% of the purchase price of the development rights. A non-federal match of at least 25% is required. More information about the national Forest Legacy Program can be found [here](#).

The Idaho Forest Legacy Program was established in 2001 to ascertain and protect environmentally important forest areas that are threatened by conversion to non-forest uses and to promote forestland protection and other conservation opportunities. The program provides funding to Idaho to purchase conservation easements on private lands that might otherwise be developed and lost as forests. More information about Idaho's Forest Legacy Program can be found [here](#).

Background

Conversion of forestlands to non-forest uses (developments, agriculture, highways, etc.) poses a major threat to the continued management of these lands by private landowners. The 1990 Farm Bill amended the Cooperative Forestry Assistance Act of 1978 to allow the Secretary of Agriculture to cooperate with the states in implementing the "Forest Legacy Program". Through this program, funds are available to the states to acquire interests in private forestlands to compensate landowners for the value their lands might have for development so that these lands can continue to be managed as forests and the values associated with these forestlands protected. Acquisition of these rights can only occur if the private landowner is willing to sell them. Although funds to develop and implement this program are federal, the program is operated at the state level and through the state "lead agency", the Idaho Department of Lands. To assist the state agency, participation in the program requires the involvement of the "state forest stewardship coordinating committee" (SFSCC), which, in Idaho, already exists to provide guidance for a number of state forestry programs.

2. How does Forest Legacy work?

Individual states develop a protection plan for key forests based on input from the public and under the guidance of the State Forest Stewardship Coordinating Committee. Once a state's assessment of need document is submitted and approved, the U.S. Forest Service makes funds available for the purchase of the forestland outright or for the purchase of development rights on the forest

properties. Idaho will focus on the purchase of the development rights, so that Forest Legacy properties remain in private ownership as "working forests." The Forest Legacy Program pays up to 75% of the value of the Conservation Easement for properties accepted into the program. The remaining 25% is a required non-federal match for every project.

3. Who may apply for Forest Legacy protection?

The Forest Legacy program is strictly voluntary. Landowners with an interest in maintaining their forests may make application to the Forest Legacy Coordinator to have their property considered for protection under the Forest Legacy program. The application helps determine the extent of threat to the forestland for land use change and establishes a rating procedure to ensure that only the most environmentally important forests are considered. The application period is open year round, with a yearly deadline of May 31. It is highly recommended that you contact Idaho's Forest Legacy Coordinator if you are considering submitting an application.

4. What is the likelihood of a particular forest being selected for Forest Legacy designation?

Competition for Forest Legacy dollars is fierce. Limited funding on the federal level, and competition by the 48 states and territories actively participating in Forest Legacy, focus the selection process on the most unique forest properties. We anticipate that only one or two properties in the state will likely be protected each year depending upon tract size, development value, and landowner interest. This is all dependent on federal budget appropriations.

5. Forest Legacy Facts and Figures

National Statistics - 2010

- 48 states and territories participating in program
- 566 Forest Legacy Conservation Easements Nationally
- 2,159,417 Acres Enrolled Nationally
- \$1,177,895,369 Invested Nationally(Federal + matching funds)

Idaho Statistics - 2010

- Program Initiated in 2001
- 8 Forest Legacy Conservation Easements
- 61,193 Acres Enrolled
- \$22,513,274 Invested(Federal + matching funds)

6. Is Forest Legacy protection for everyone?

Forest legacy protection involves the sale of a perpetual conservation easement for the development rights on forest tracts. It is the ultimate protection strategy by restricting the future development of forestland forever by legal means. Typically, the more uses that are limited and/or restricted, the greater the value of the conservation easement. Every conservation easement is individually tailored to address the specific characteristics of a particular property, its conservation values, and the needs/desires of the landowner and the intent of the Forest Legacy Program. Landowners should seriously consider the legal, tax, and estate ramifications of a conservation easement prior to applying for Forest Legacy protection.

7. Is my Property Eligible?

Idaho has established the following eligibility criteria for Forest Legacy Projects:

1. Project must meet the Idaho Forest Legacy Program goals and objectives which include:

Goals:

- Reduce future conversions of forestland and forest resources
- Maintain forest sustainability and the historic uses of forested lands
- Assist in maintaining the culture and economies of rural communities through maintaining "working" forest landscapes
- Protect and enhance water quality and quantities
- Maintain riparian and wetland areas, and
- Protect wildlife habitat and maintain habitat connectivity within forested landscapes.

Objectives:

- Focus efforts where large areas of private forestland face near-term threats of conversion to non-forest uses and where the consequences of the associated losses to important ecological, social and economic benefit from those lands are significant.
 - Encourage private landowners to work with communities, agencies, businesses and other organizations to strengthen their management of forest resources.
 - Secure additional conservation investments in private forestland.
2. Project must be in an Idaho Forest Legacy Priority Area and a forest type listed in the [Idaho Assessment of Need](#).
 3. Project must be sponsored by an accredited land trust.
 4. Project must be privately owned (non federal, State, or local government).
 5. Project must be at least five (5) acres in size. **Note:** Parcels less than 100 acres will rank very low unless there are significantly unique environmental values to conserve.

6. Project must include a minimum 25% cash or in-kind, non-federal match. Forest Legacy Program will fund up to 75% of acquisition costs only.
7. Parcel must be 75% forestland (defined as land with trees that has at least 10% canopy cover or that formerly had such tree cover and is not currently developed for non-forest use).
8. Landowners agree to follow federal Forest Legacy Program requirements and implementation rules which include:
 - Accepting a State contracted appraisal that meets standard federal appraisal guidelines
 - Managing the property by means of a Landowner Forest Stewardship Plan (LFSP) approved through the Idaho Forest Stewardship Program
 - Agreeing that a funded project will not receive payment until federal funding has been secured
 - Allowing an annual inspection for conservation easement (CE) compliance
 - Signing a perpetual conservation easement with the State of Idaho, with the stated purposes of maintaining, enhancing, or conserving in perpetuity the forestland and conservation values of the property, which will limit or restrict one or more uses on the property.

8. What is a Conservation Easement?

A conservation easement is a legal agreement between the landowner (grantor) and a non-profit conservation organization, or a government agency (grantee) which seeks to perpetually protect the property from development while retaining rights and activities conducive to the property's current uses and landowner's desires. When you donate or sell a conservation easement, you give up some of the rights associated with the land. The restriction stays with the property and is binding on all future owners. Conservation easements are site-specific documents that help landowners ensure that important natural values are protected forever, while keeping the property in private ownership and use.

Each property is unique; therefore each conservation easement is unique. The landowner does not relinquish ownership of the property encumbered by an easement. Rather he/she gives up certain rights, primarily the right to subdivide and/or develop the property. The right to continue agricultural production or timber harvesting is not impaired. Such activity is undertaken in accordance with the protection of the property's natural resources and wildlife habitat. Additionally, the landowner is not obligated to provide access to the general public. The types of reserved rights can be exemplified as follows: Mr. Smith owns 2,000 acres of timberland. He wants to donate a conservation easement but has certain needs for his family and forestry business. Mr. Smith donates an easement that prohibits future development, but he reserved the right to subdivide two lots, one for each child on a specified portion of the land, and to build additional feeding structures and storage buildings for the forestry operation. He also reserves the right for

himself and family to hunt and fish on the property. Mr. Smith has protected his land but also reserved the rights necessary to continue his forestry operation and to pass it on to his children.

If a conservation donation benefits the public by permanently protecting important resources and meets other federal tax code requirements-it may qualify as a tax-deductible charitable donation. The amount of the donation is the difference between the land's value with the easement and its value without the easement. Placing an easement on your property may also result in property tax savings. Perhaps most important, a conservation easement can be essential for passing land on to the next generation. By removing the land's development potential, the easement lowers its market value, which in turn lowers estate tax. Whether the easement is donated during life or by will, it can make a critical difference in the owner's or heir's ability to keep the land intact.

9. What are the benefits of encumbering my land with a Conservation Easement?

The landowner may reap many benefits from a conservation easement placed on his/her property. First and foremost, the perpetual protection of the property will ensure that it will remain in its current physical state. Secondly, with the threat of development removed, the wildlife habitat and natural resource values will be enhanced. Thirdly, the landowner can be assured that the property will be enjoyed by future generations according to his/her desires for the property. Lastly, the landowner may be eligible for state, federal and estate tax deductions.

10. Why should I grant a conservation easement?

People execute a conservation easement because they love their land, and want to protect it from inappropriate development while keeping their private ownership of the property. Granting an easement to a conservation organization, or government agency that qualifies under the Internal Revenue Code as a "public charity" - which nearly all land trusts do - can yield income and estate tax savings. Moreover, land trusts, some of which are more than 100 years old, have the expertise and experience to work with landowners and ensure that the land will remain as permanent open space.

11. What are these tax benefits particularly?

Estate tax benefits - While estate taxes affect fewer than 2% of all taxpayers, owners of larger, well-stocked forests may find themselves in this elite group. With the rapid appreciation of land and timber values in many areas, families often don't recognize how devastating the estate tax bill may be when the current market value of their property is factored in, as required by the IRS. If not properly planned for, this tax liability could force heirs to raise money by selling some or all of the land, or more intensively harvesting timber than planned for. A conservation easement can reduce

the appraised market value of the property to reflect current forest use rather than its speculative liquidation value. In this way, the conservation easement can reduce or eliminate estate taxes. This reduction can make all the difference for families with significant forest holdings, allowing them to pass the land onto the next generation intact. On December 17, 2010, President Barack Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Section 301 of the 2010 Act reinstates the federal estate tax. The maximum federal estate tax rate is 35% for estates valued over \$5 million. This Act will expire after 2012 when the maximum federal estate tax rate increases to 50% for estates valued over \$1 million.

Federal Income Tax Deductions – Conservation Easements are regulated by the IRS Code, Section 170(h). This section stipulates that the donation of the conservation easement must be made to a “qualified conservation organization” and, if worth more than \$5,000, documented by a qualified appraisal. The maximum charitable deduction is set by federal tax law at a percentage of the landowner’s annual adjusted gross income. Generally the landowner may deduct up to 30% of this adjusted gross income in one year. The excess value of such a gift may be carried forward for five additional tax years. After that time, any unused remainder will be lost.

To qualify as a tax-deductible charitable gift under IRS rules, a donated conservation easement must meet three basic tests: It needs to be perpetual in duration; it must be donated exclusively for "conservation purposes"; and the grantee must be a qualified conservation organization.

Internal Revenue Code Section 170(h) defines the necessary "conservation purposes" of an easement to include at least one of the following:

- The preservation of land areas for outdoor recreation by, or the education of, the general public; or
- The protection of relatively natural habitats of fish, wildlife, or plants, or similar ecosystems; or
- The preservation of open space -- including forestland and farmland -- for scenic enjoyment or pursuant to an adopted governmental conservation policy; in either case such open space preservation must yield a significant public benefit; or
- The preservation of historically important land areas or buildings.

Conservation easements on managed forestlands usually qualify both as protection of relatively natural habitat or ecosystem, and as preservation of open space.

Property tax benefits – Property taxes are based on the assessed value of the property, which is usually for its highest and best use. A reduction in the fair market value of the property due to the easement restrictions may mean that a corresponding reduction in property tax value is due.

12. What rights do I have to give up?

First and foremost, the landowner does not convey the fee title to the property to the holder of the conservation easement. The landowner retains all rights in and to the property except for those

that he/she wishes to give up. For example, all of the rights associated with ownership of land can be viewed as a bundle of sticks. Each stick represents a right; the right to develop the land, the right to farm, the right to hunt, etc. The landowner will choose which rights to keep and which to remove from the bundle. Usually, the only right that is expected to be relinquished is the right to develop the property. All other rights are optional depending on the landowner's future intentions and the natural resources to be protected.

13. How long does a conservation easement last?

Most easements "run with the land," binding the original owner and all subsequent owners to the easement's restrictions. Only gifts of perpetual easements can qualify for income and estate tax benefits. The easement is recorded at the county or town records office so that all future owners and lenders will learn about the restrictions when they obtain title reports. All conservation easements purchased for the Forest Legacy Program are perpetual.

14. What is the landowner responsible to provide to the process?

After a parcel of land is accepted into the Forest Legacy Program, the landowner is responsible for obtaining several things in order to ensure the transaction meets the federal guidelines under IRS Code Section 170(h). 1) The Baseline Documentation Report is an inventory of the physical nature of the property and must be obtained by the time of the easement donation. This document establishes the present condition of the property thus providing a "baseline" which will be used during the annual monitoring visit by the grantee. 2) An appraisal must be completed in order to determine the conservation easement value, or tax deduction, entitled to the landowner. This document must be completed no earlier than 60 days prior to the time of the conservation easement donation. 3) The landowner must provide a title search on the property that is prepared by an attorney, title company or title examiner depending on the standards of practice in the area. This will verify ownership of the property, provide a legal description and acreage as well as determine whether or not there are any encumbrances of record that will need to be cleared prior to completion of the transaction. 4) The landowner must also enroll in the Forest Stewardship Program and manage their timberlands under an approved management plan. The 25% non-federal matching fund requirement can be met by value of donated land, cost of preparing baseline data, Forest Stewardship Plan and monitoring fund donation.

15. Why do landowners put conservation easements on their property? What are the benefits?

The conservation easement is a tool that allows individuals, families or businesses to retain ownership of their property while protecting its natural landscape and establishing long-term management goals. Because the easement is perpetual and runs with the land, it assures future

conservation after the current owner's death or if the property needs to be sold. Therefore, the easement can protect the carefully stewarded natural capital of the property from future liquidation. A conservation easement can also often yield substantial tax savings or revenue.

16. Can a conservation easement be modified or amended?

The purpose of a conservation easement is the permanent protection of the land's natural values. The grantor of a conservation easement can receive substantial income tax benefits — but only if the easement is perpetual and in the public interest. For these and other reasons, conservation easements always should be implemented with the idea that they will not be modified or amended. However, changed circumstances or conditions might someday justify an amendment to the easement document. Such circumstances could include the need to clarify the document's terms; or to better protect the conservation values due to natural changes or changes in technology. Amendments to easements are rare and serve to improve the protection of the property's conservation values.

17. What are the disadvantages of establishing a conservation easement?

Conservation easements are not appropriate to every property or to every landowner's situation. Careful evaluation of the appropriateness of a conservation easement is critical by the landowner, the state, and the land trust at the beginning of their discussions. It may be, for instance, that the landowner's need to maximize current income overrides the financial benefits of conservation. Or, the reduction in market value of a property by the conservation easement may be unacceptable to the next generation's owners.

18. What is a Land Trust?

A land trust is a nonprofit organization that, as all or part of its mission, actively works to conserve land by undertaking or assisting in land or conservation easement acquisition, or by its stewardship of such land or easements.

Local Land Trusts

Clark Fork-Pend Oreille Conservancy (Bonner County)

PO Box 2123

Sandpoint, ID 83864

(208) 263-9471

<http://www.cfpoconservancy.org/>

Inland Northwest Land Trust (Kootenai & Bonner counties)

35 West Main Ave., Ste. 210
Spokane, WA 99201
(509) 328-2939
<http://www.inlandnwlandtrust.org/>

Land Trust of the Treasure Valley
PO Box 106
708 W Franklin St
Boise, ID 83701-0106
(208) 345-1452
<http://www.lttv.org/>

Lemhi Regional Land Trust
PO Box 871
Salmon, ID 83467
(208) 756-8879
<http://www.lemhilandtrust.org/>

Palouse Land Trust
PO Box 8506
Moscow, ID 83843
(208) 669-0722
<http://www.palouselandtrust.org/>

Payette Land Trust
309 E Lake Street
McCall, ID 83638
(208) 634-4999
<http://www.payettelandtrust.org/>

Sagebrush Steppe Regional Land Trust (Southern Idaho)
PO Box 1404
Pocatello, ID 83204
(208) 241-4662
<http://www.sagebrushlandtrust.org/>

Southern Idaho Land Trust (Cassia, Elmore, Gooding, Jerome, Lincoln, Minidoka, Power,
Twin Falls Counties)
PO Box 2544
Twin Falls, ID 83303-2544
(208) 432-5527
<http://www.siltinc.org/>

Teton Regional Land Trust (Clark, Jefferson, Fremont, Madison, Teton, Bonneville Counties)
PO Box 247

1520 S. 500 W.
Driggs, ID 83422
(208) 354-8939
<http://www.tetonlandtrust.org/>

Wood River Land Trust (Wood river Valley area)
119 East Bullion Street
Hailey, ID 83333
(208) 788-3941
<http://www.woodriverlandtrust.org/>

Regional/National Land Trusts

American Land Conservancy
369 Pine Street, Ste. 700
San Francisco, CA 94104
(415) 912-3660
<http://www.alcnet.org/>

Idaho Foundation for Parks and Lands
5657 Warm Springs Ave.
Boise, ID 83716
(208) 344-7141
<http://www.idaholands.info/>

National Park Trust
401 E Jefferson St., Ste. 102
Rockville, MD 20850
(301) 279-7275
<http://www.parktrust.org/>

Rocky Mountain Elk Foundation (Elk habitat)
1007 Hiberta St
Missoula, MT 59804
(406) 493-6849
<http://www.rmef.org/>

The Conservation Fund
PO Box 1524
Sun Valley, ID 83353
(208) 726-4419
<http://www.conservationfund.org/>

The Humane Society Wildlife Land Trust
2100 L Street NW

Washington, DC 20037
800-729-7283
<http://www.wlt.org/>

The Nature Conservancy
950 Bannock Street, Ste 210
Boise, ID 83702
(208) 343-8826
<http://www.nature.org/>

The Trust for Public Lands
Emerson Cultural Center
111 S. Grand Ave., Ste. 203
Bozeman, MT 59715
(406) 522-7450
<http://www.tpl.org/>

The Trust for Public Lands
32 South Ewing St., Room 302
Helena, MT 59601
(406) 495-2269
<http://www.tpl.org/>

Vital Ground Foundation (Grizzly Bear habitat)
T-2 Fort Missoula
Missoula, MT 59804-7202
(406) 549-8650
<http://www.vitalground.org/Home>

Wilderness Land Trust
PO Box 1420
Carbondale, CO 81623
(970) 963-6067
<http://www.wildernesslandtrust.org/>

19. Are land trusts government agencies?

No, they are independent, entrepreneurial organizations that work with landowners who are interested in protecting open space. But land trusts often work cooperatively with government agencies by acquiring or managing land, researching open space needs and priorities, or assisting in the development of open space plans.

20. What does a land trust do?

Local and regional land trusts, organized as charitable organizations under federal tax laws, are directly involved in conserving land for its natural, recreational, scenic, historical and productive values. Land trusts can purchase land for permanent protection, or they may use one of several other methods: accept donations of land or the funds to purchase land, accept a bequest, or accept the donation of a conservation easement, which permanently limits the type and scope of development that can take place on the land. In some instances, land trusts also purchase conservation easements.

21. Who owns the land under the conservation easement?

The present owner who establishes the easement (the "grantor") retains title to the property and continues to own it, and can sell it or give it to others just as he or she would otherwise. The owner's use of the property continues, subject to the restrictions agreed to in the conservation easement.

22. How does a conservation easement affect the owner's property rights?

It affects property rights only to the extent spelled out in the easement document signed by the property owner. Think of owning land as holding a bundle of property rights that could be used, commercialized or sold. Timber rights, water rights, mineral rights and development rights are familiar examples. A land owner may sell or donate all or some of these rights through a conservation easement. In fact, conservation easements allow a landowner to exercise the right not to develop. The conservation easement needs to be carefully drafted to ensure it accurately reflects which rights the landowner wants to restrict or give up entirely, and which ones he or she wants to retain.

23. Which land uses are usually restricted by a conservation easement? Which are usually allowed?

The specific terms of each easement vary with the nature of the property and the landowner's goals. Activities on the property that would harm the conservation values identified for protection are either prohibited or restricted in some way. Restrictions typically limit subdivision and the extent of residential or commercial development; industrial use; waste dumps; alteration of waterways; and extensive road-building or other activities that contribute to sedimentation or erosion. Timber harvest may be restricted to the extent desirable to protect sensitive habitats, streams, soils and overall forest productivity.

Forest management, agriculture, grazing, residence, recreation, low-impact commercial uses, and the building and maintenance of roads can all continue on the property, although the easement may limit their intensity or location.

In the Idaho Forest Legacy Program, the following items are general summaries of provisions included in the conservation easements. Exact language within the easements may differ from that provided for below.

1. Legal division, subdivision, or de facto subdivision of the Property through sales, leases, or otherwise, unless use of the property following the division or subdivision will be consistent with the purposes of the easement. The FLP CE is perpetual and remains with the property regardless of future ownership.
2. Construction or placement of any new commercial or residential buildings, structures, or mobile homes, unless identified and planned for at the time of the CE purchase, with the exception of minor non-residential buildings or structures (such as sheds, irrigation or water systems, fencing, etc), and the exception of very limited non-commercial development rights, not to sever ownership or create separate in-holdings, and not to exceed one (1) acre per site, provided that such development and use of the property are consistent with the purposes of the easement.
3. Storage, dumping, or disposal of toxic or hazardous waste.
4. Irreversibly changing, disturbing, or impairing significant natural ecological features and values, with the exception of permitted uses.
5. Introducing or releasing nonnative plant species. Introduction or release of nonnative wildlife species must be approved by Idaho Department of Fish and Game.
6. Establishment or operation of any golf course, industrial dairy, commercial feedlot, wild game farming, commercial lodging or guest ranching facilities.
7. Extraction of minerals, soil, sand, gravel or rock must be bonded, and produce and carry out a reclamation plan, whether for commercial or private use. Site disturbance at any one time cannot be greater than five (5) acres.
8. Installation of new utilities, utility towers, or necessary related utility structures, unless such installations and uses of the property are consistent with the purposes of the easement.

The following restrictions are negotiable, on a case by case basis.

1. Exploration for or development and extraction of gas, oil, hydrocarbons, minerals and geothermal resources by any surface or subsurface mining.
2. Construction of new roads or vehicle trails.
3. Installation of new utilities, utility towers, or necessary related utility structures.
4. Use for grazing or pasturing of livestock.
5. Use and access by the public.
6. Sales and exchanges of parcels, on a limited basis, for the purposes of boundary adjustments, eliminating in-holdings, consolidating ownership and/or improving the capacity of the Grantor to effectively manage the property, provided that such sales or

exchanges and uses of the newly acquired property are consistent with the purposes of the easement.

7. Construction or placement of any signs, billboards or other advertising materials.
8. Use of snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles off of roads or travel ways for property management or other purposes. If these activities are negotiated to be restricted, the Property owner retains enforcement responsibility.
9. Extraction of soil, sand, gravel or rock.
10. Establishment of compatible commercial activities, including, but not limited to, outfitting or guiding.

24. Are timber harvest and other economically productive uses still allowed under a conservation easement?

Yes. If a piece of property can produce income for its owners and still retain its conservation values, it is more likely to be protected through time. As Janet Diehl and Thomas S. Barrett note in *The Conservation Easement Handbook*, "The ability of the grantor [landowner] to make economically viable, productive uses of the property may be as important to the long-term preservation of the open space character of the land as the easement itself."

25. Who determines the forest management on a property under a conservation easement?

The landowner retains all management responsibilities for the property. Just when, where and how timber harvest and forest management activities occur are up to the landowner -- consistent with the terms agreed to in the easement and the Landowner Forest Stewardship Plan.

26. How does a conservation easement differ from other types of easements?

Legally, a conservation easement is similar to other easements, in that certain rights associated with a piece of property are held by someone other than the property owner. It is different in a major way: the rights conveyed by a conservation easement are negative in effect, not positive. For instance, with a road easement the landowner gives someone a positive right to cross a property. Whereas with a conservation easement, the landowner may forgo the right to subdivide the property or to clear-cut the forest. The grantee organization (the party holding the easement) does not gain the right to do the subdivision or clear-cut; rather, it holds those restrictions "in trust" and ensures that no one uses any of the rights that have been restricted by the grantor.

27. Does a conservation easement give the public a right to enter and cross private property?

No, not unless the owner expressly grants that right in the easement document. Most conservation easements do not require public access. The landowner still controls access by neighbors or other people. A conservation easement does give the grantee the right to enter the property at reasonable times to make sure the provisions of the easement are being complied with.

28. What is the timeline for Forest Legacy Funding?

The following is an example for a FFY (federal fiscal year) 2013 project. Applications for a FFY2013 are due May 31, 2011.

YEAR 1

| | |
|----------------|---|
| May 31, 2011 | Applications due |
| June/July 2011 | State Forest Legacy committee tours, evaluates and ranks all project proposals |
| Sept. 2011 | Idaho submits funding request to USFS for top ranked 1-2 projects in the state |
| Nov. 2011 | USFS regional units develop a "Project Recommendation List" based on regional criteria. State project list and project briefings submitted to USFS Washington, DC office. |
| Dec. 2011 | Project opportunity list submitted to National Review Panel |

YEAR 2

| | |
|-----------------|--|
| Jan. 2012 | National Review Panel meets to prepare prioritization list for submission to the presidential administration |
| Feb. 2012 | USFS notifies House and Senate Appropriation committee after it clears the administration |
| June-Sept. 2012 | Senate and House Appropriations Committees discuss and pass annual appropriations bills |

YEAR 3

| | |
|----------------|--|
| Jan.-May 2013 | Money appropriated to states for approved projects |
| May-Sept. 2013 | Landowner and Land Trust complete due diligence work |

Sept. 2013

Deadline for closing on project

Note: While this is the typical timeline for a Forest Legacy Project, there are usually numerous slowdowns during the federal budget process that may cause delays.

29. Due Diligence

The following items are landowner and sponsor (Land Trust) responsibilities for closing on a Forest Legacy project:

LANDOWNER FOREST STEWARDSHIP PLAN: This is a long term management plan for the natural resources on the property. The plans outline the landowner's objectives and makes specific recommendations. These plans are typically written by Forestry Consultants. The cost of the plan can be used as a portion of the required 25% matching funds.

BASELINE DOCUMENTATION REPORT: This is a permanent written record of existing conditions and conservation easement values at the time the easement is acquired. It is an objective report and provided a "baseline" for future monitoring of the easement. The report is typically compiled by the landowner, land trust and consultants. The cost of the report can be used as a portion of the required 25% matching funds.

MINERAL SURVEY: Mineral rights can significantly complicate a project. If there is a split estate (someone else owns the mineral rights of the property), a mineral survey must be completed and it must be determined that mining on the property is "so remote as to be negligible". Mining is generally prohibited under conservation easements. A qualified geologist is used to complete this report and the cost can be used as a portion of the required 25% match.

ENVIRONMENTAL ASSESSMENT: An environmental contamination assessment is needed to ensure the property does not contain contamination. This is typically done in conjunction with the Baseline Report.

APPRAISAL: A full appraisal of the property is required to establish the value of the conservation easement. Compensation to the landowner is based on the difference between the market value at highest and best use, and the market value with the Conservation Easement. Cost of the appraisal can be used as a portion of the required 25% matching funds.

TITLE REPORT/INSURANCE: A full title report and insurance is required for closing. The title acquired must be free of encumbrances inconsistent with the purposes of the Forest Legacy Program. Title insurance will be for the value of the conservation easement. Costs can be used as a portion of the required 25% matching funds.

CONSERVATION EASEMENT: The Conservation Easement document is typically negotiated between the State, the landowner and the Land Trust and drafted by the Land Trust. The State will

provide a template as a starting point. The easement restricts activities to the degree necessary to protect the significant conservation values of the property.

STEWARDSHIP ENDOWMENT: A cash endowment is to be established to provide funds for annual monitoring of the easement. The amount of the fund is determined by the annual cost of inspection. The principle of the account is held in an interest bearing account that produces enough income to cover annual monitoring. Monitoring responsibilities can either be the State of Idaho, or the Land Trust. Cost of establishing the endowment can be used as a portion of the required 25% match.

Note: Although many of these items can be used as a portion of the required 25% match, landowner's need to keep in mind that these are out of pocket expenses.