



Pre-conference Reading

A Conference of the Blandin Foundation's Vital Forests/Vital Communities Initiative

May 25, 2006
Saint John's University

Introduction

The conference on “**Family Forest Stewardship: Getting to the Next Million Acres**” is designed as a working conference. Although we will hear from a number of presenters throughout the day, participants will be actively engaged in sharing their ideas and perspectives. Our task is to develop a strategic vision and shape policies and practices that will improve forest management on Minnesota’s private woodlands over the next decade.

The goal we have identified is to increase the number of acres of family forest land under sustainable management in Minnesota from 1.3 million in 2006 to 2.3 million by 2015. This brief document contains five recommendations intended to help achieve that goal. As context for these recommendations, the document also provides background information on Minnesota’s forests and the importance of maintaining productive, health family forest land in the state.

The recommendations were developed over the last year as part of the Blandin Foundation’s **Vital Forests/Vital Communities Initiative**. A wide range of people interested in the future of Minnesota’s forests contributed their ideas to this action plan. It is important to note that these recommendations are a starting point – not a foregone conclusion – to encourage active, focused discussion of key strategies and policies at the conference. These recommendations will be revised after the conference to reflect the views of conference participants.

As a conference participant, your **pre-conference assignment** is to review these recommendations and to be prepared to discuss, approve, revise or reject them; and to offer additional recommendations at the May 25th event.

A. THE RECOMMENDATIONS

1. **Increase family forest land under sustainable management.** Recommended goals are:
 - a. By 2015, prepare Forest Stewardship plans for 1 million acres of Minnesota family forest land that do not currently have plans.
 - b. As needed, update the Forest Stewardship plans on the 1.3 million acres of family forest land that already have plans.
 - c. By 2015, enroll 20% of family forest land -- about 1.2 million acres -- in sustainable certification programs.

- d. By 2015, assure that 80-100 full-time equivalent foresters and other natural resource professionals in both the public and private sectors are available to provide Stewardship plan preparation and implementation services for family forest owners.

2. Establish a dedicated, self-sustaining Family Forest Initiative with stable annual revenues.

Approximately \$2,000,000 will be needed annually. Existing sources are important but are quite variable and unpredictable. Landowners will continue to pay the majority of all costs associated with owning and caring for the land. This fund will provide the incentives to achieve positive and sustainable management of family forest land.

- a. These funds could be allocated as follows:
 - i. \$700,000 for new Stewardship plans on family forest land;
 - ii. \$350,000 to update existing Stewardship plans;
 - iii. \$750,000 to provide cost share funds for 50% cost-sharing to implement Stewardship plan recommendations;
 - iv. \$200,000 for educational and technical assistance grants to improve the capacity of delivering information and services to owners of family forests. Local woodland owner organizations would be given priority in receiving these grants.
- b. Possible self-sustaining sources of revenue to fund this initiative:
 - i. A property tax surcharge on woodland property.
 - ii. Collect a \$1.25 per cord surcharge on wood harvested from family forest land.
 - iii. A portion of the proposed 3/8 % sales tax revenues dedicated to natural resources management and conservation.
 - iv. Other options suggested by conference participants.

3. Revise the Sustainable Forestry Incentive Act (SFIA).

Following is a summary of key recommendations being made by the SFIA Work Group:

- a. Make the Department of Natural Resources the lead agency responsible for administering the SFIA program.
- b. Seek research funding for the University of Minnesota's Department of Forest Resources to investigate optimal SFIA incentive payment structures. This research should include an evaluation of changes in the amount and structure of the annual SFIA incentive payment, including:
 - i. The establishment of a two-tiered SFIA payment structure for enrolled forestlands that provides a higher payment to landowners who provide public access to their forestland; and

- ii. The establishment of multi-tiered SFIA incentive payment structure that provides a higher incentive payment for forestlands which are in areas at higher risk for development (conversion from forest cover).
- c. Develop and market an educational and promotional program about SFIA to family forest landowners throughout the state. This educational and promotional program should be carried out **only after the SFIA program has been modified** – particularly with respect to the incentive payment structure.

4. Revamp the *ad valorem* property tax system’s inherent bias to overtax undeveloped land in comparison to developed land with respect to the public services provided to their owners.

Property taxes drive opinions and policy. Currently, the tax rates for undeveloped forests and other wild land are the same rate as for an urban home site or a rural home site. Yet we all know that the developed sites need huge services compared to the undeveloped land (e.g. schools, police, roads). Such a disparity helps drive parcelization and development of forest lands.

Undeveloped agricultural land is currently taxed at about ½ the rate of undeveloped forest land.

Specific steps to address these disparities could include:

1. Lead a reassessment of Minnesota’s property tax system to reduce the tax rate for the classification “timberland” (old 2b) from 1.00 to 0.55 to match undeveloped agriculture land.
2. Establish clear minimum criteria for participation in this class that will promote forest sustainability. Assure that the revised system is available to all forest landowners who meet minimum criteria.
3. Assure that undeveloped land now in the “seasonal recreational” class is also eligible for this benefit.

5. Charge the Vital Forests/Vital Communities Initiative of the Blandin Foundation with facilitating the implementation of recommendations that emerge from the Family Forest Stewardship Conference.

B. CONTEXT FOR THE RECOMMENDATIONS

1. The value of Minnesota’s family forest land.

Family forests comprise about 40% of all the state’s timber land. Almost six million acres of forest land in the state are owned by about 200,000 families, individuals and other non-industrial owners.

Family forests play an important role in Minnesota’s forest industry. Approximately half of the wood harvested and marketed in Minnesota comes from these family forests. There is potential for a substantial increase in commercial harvests on family forest land, because growing stock on this land far exceeds the rate of

harvest. For example, the USDA Forest Service estimates that every board foot of saw timber removed from family forests each year is replaced by over 2 1/2 board feet of new growth.

2. The different characteristics of family forests and forest owners.

There is a wide range in the size of family forests. The average acreage of forest parcels is decreasing. People own and make management decisions on wooded land for many different reasons. In order to be successful, a forest management initiative has to take these differences and the dynamic nature of family forest ownership into account.

About half of the family forest owners in Minnesota own fewer than 10 wooded acres. "Parcelization" of forest land has accelerated in recent years with parcels of 9 acres and under being the fastest growing category. The 100,000 landowners with the smallest wooded parcels own about 400,000 forested acres. This represents only about 7% of the family forest land in the state. Parcelization needs to be a concern not only for its direct ecological and forest management effects on small parcels but also for the effects on adjacent lands.

At the same time, about 100,000 family forest owners with 10 or more acres own about 5.5 million acres or about 93% of the family forest land in Minnesota. Field work should be focused on these larger parcels to assure the efficiency needed to provide ecological and social benefits on a significant scale.

The reasons people give for owning forest land vary substantially. Most rate aesthetics, privacy and nature protection as high priorities. Land investment, residential use and recreation are generally rated in the middle. Timber production is rated the lowest, although large parcel owners are much more likely to select timber production as a high priority than are small parcel owners.

These data clearly indicate that "one size does not fit all" when it comes to developing and carrying out a statewide family forest management initiative in Minnesota. An emphasis on timber production as a forest management goal is not going to appeal to most family forest owners. Approaches that stress aesthetics, plant and animal diversity, and recreational benefits are much more likely to find receptive audiences.

Educational and technical assistance also need to be adjusted to the size of family forest parcels. For example, it would not be cost-effective to do individual forest management plans on thousands of small parcels. This does not mean that forest management on these small parcels should be neglected. Instead, approaches to forestry education and technical assistance that can be provided through workshops, peer-to-peer learning, the internet and other less costly means need to be developed.

3. The importance of sustainable family forest management.

In Minnesota, about 10,000 family forest landowners already have Forest Stewardship management plans. The total family forest acreage covered by these plans is about 1.3 million acres or a little more than 20% of all family forest acreage

in the state. Forest Stewardship's voluntary approach has proven popular and effective to date.

The recommendations made in this pre-conference document use Forest Stewardship plans as the primary measure of family forest management. The Forest Stewardship Program is a joint initiative of the USDA Forest Service and state partners such as Minnesota DNR.

Forest Stewardship Plans lay out strategies for achieving unique landowner objectives and sustaining forest health and vigor. Actively managed forests provide timber, wildlife habitat, watershed protection, recreational opportunities and many other benefits for landowners and society. Forest Stewardship plans motivate landowners to become more active in planning and managing their forests, greatly increasing the likelihood that their forests will remain intact, productive and healthy, and that the social, economic and environmental benefits of these lands will be sustained for future generations...

Participation in the Forest Stewardship program is open to any non-industrial private forest landowners who are committed to the active management and stewardship of their forested properties for at least ten years.

<http://www.fs.fed.us/spf/coop/programs/loa/fsp.shtml>

Simply having a Forest Stewardship Plan does not mean that landowners are managing their woods well, nor does not having such a plan mean that they are doing a poor job of forest management. The premise of these recommendations is that having a plan increases the likelihood that a family forest owner will implement sustainable forestry practices.

Numerous studies indicate that the lack of forest management has negative economic and environmental consequences for landowners, for their communities, and for state, regional and national economies.

Why then has forest management on family forest land proven to be such a difficult issue to address despite the clear benefits of good management?

The simple answer is that most woodland owners don't know what a forest management plan; aren't convinced that the benefits of forest management outweigh the costs; or cannot find a resource professional to help them in a timely manner.

4. Key factors in improving family forest management in Minnesota.

This brings us back to the recommendations made at the beginning of the document. What changes need to be made in order to increase significantly the number of acres of family forestland under sustainable management? Following is a brief outline of the strategic thinking behind the recommendations.

- a. Financial resources.** Additional funds will be needed to add a million acres of managed forest land in Minnesota over the next ten years. These funds could come from a variety of sources – timber sales fees, property tax surcharges or other sources – but, without additional funds, there won't be a family forest initiative.
- b. Educational and technical assistance resources.** These additional financial resources will be applied to a combination of educational programs and forestry services. As discussed above, these programs and services will need to be tailored to the diverse array of family forest owners in order to be effective

means to improve forest management. Two key components in the delivery of these programs and services are:

- i. An adequate number of private and public sector foresters and other natural resource professionals, including DNR, consulting and industrial foresters, to provide management planning and other forestry services; and
 - ii. Local woodland owner organizations that have the capability to provide peer-to-peer educational and technical assistance services.
 - iii. The underlying assumption in the recommendations is that these services will be demand-driven. Foresters and local woodland owner groups will provide these services if the funds are there to pay for them.
- c. Incentives.** Family forest owners will be more receptive to having Forest Stewardship Plans and carrying out sustainable forest management practices if there are financial incentives to do so. As has been discussed above, financial incentives by themselves are not enough. Landowners need to know that the incentives exist and believe that they would benefit from them.
- d. Accountability.** Another premise of the recommendations is that, if family forest owners receive incentives for forest management, they should be held accountable for carrying out what they have agreed to do. Thus, if landowners enroll in SFIA and receive tax benefits as a result, their performance on agreed-upon practices should be monitored and, if necessary, enforced.

For those who receive financial or technical assistance to develop Forest Stewardship Plans, but are not enrolled in SFIA, enrollment in a sustainable forest certification program (such as administered by Tree Farm and the Forest Stewardship Council) can serve as a means to measure performance. Third party certification is becoming an increasingly important part of Minnesota's forest economy, because more and more buyers are requiring or giving priority to sustainably certified wood.

5. Conclusion

The primary goal of this document has been to suggest a realistic strategic vision and set of policies intended to make major improvements in family forest management in Minnesota during the next decade.

The document is also intended to provide thought-provoking, pre-conference reading for participants in "**Family Forest Stewardship: Getting to the Next Million Acres,**" so that they can participate more fully in developing a set of recommendations at the conference for improving the long-term sustainability of Minnesota's family forests.