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MEMORANDUM

TO: Senate President David L. Williams
 House Speaker Jody Richards
 Co-Chairs, Legislative Research Commission

FROM: Senator Charlie Borders and Representative Robin Webb
 Co-Chairs, Land Stewardship and Conservation Task Force

SUBJECT: Report of the Land Stewardship and Conservation Task Force

DATE: January 22, 2008

2007 House Concurrent Resolution (HCR) 120 established the Land Stewardship and Conservation Task Force to analyze the Commonwealth’s strategy for the protection of natural areas, farmlands, habitats, and forests. The task force was directed to report findings and recommendations to be used in creating a comprehensive land stewardship and conservation program called “Conserve Kentucky.” The purpose of the program will be to foster statewide planning for land conservation and improve the state’s ability to increase participation by private landholders in land conservation efforts.

The task force met three times in the 2007 Interim to gather information, receive testimony, and formulate findings and recommendations. In accordance with 2007 HCR 120, the task force report is attached.

Report of the Land Stewardship and Conservation Task Force

2007 House Concurrent Resolution 120

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Foreword

The Land Stewardship and Conservation Task Force was established by the Kentucky General Assembly in 2007. The task force was created to examine land conservation programs in the Commonwealth as outlined in House Concurrent Resolution 120. This was achieved by examining the principal state agencies in Kentucky that implement land conservation programs and how those compare to Florida and North Carolina's conservation programs. Legislative Research Commission staff prepared this report at the direction of the task force.

The task force co-chairs wish to thank the citizen members of the task force and all the individuals who attended task force meetings and provided testimony.

Robert Sherman,
Director

Legislative Research Commission
Frankfort, Kentucky
January 22, 2008

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Summary

Authorized by 2007 House Concurrent Resolution (HCR) 120, the Land Stewardship and Conservation Task Force was created to examine land conservation programs in Kentucky. The 18-member task force was composed of legislators and representatives from various organizations and agencies with interest in land-use issues.

The principal goal of HCR 120 is to analyze the Commonwealth's strategy for the protection of natural areas, farmlands, habitats, and forests. HCR 120 called for the development of findings and recommendations to create a comprehensive land stewardship and conservation program called "Conserve Kentucky." Conserve Kentucky's goal will be to foster statewide planning for land conservation and improve the state's ability to increase participation by private landholders in land conservation programs.

HCR 120 also called for a review of the state's land preservation programs and their missions, interactions, funding sources, and methods for prioritizing projects. It authorized a review of other states' land conservation programs and funding sources. Lastly, the resolution called for a survey of potential areas and acreage that may be secured from willing participants, including sources and levels of funding needed to secure them and to sustain a long-range plan. Staff collected limited data on potential land for acquisition.

To achieve the goals of HCR 120, this study examines the principal state agencies in Kentucky that implement land conservation programs: Department of Fish and Wildlife Resources, Wild Rivers Program, Kentucky State Nature Preserves Commission, Division of Forestry, and Department of Parks. The report compares Kentucky's approach to land conservation to approaches in two other states: Florida and North Carolina.

The task force received documents and testimony from nine Kentucky agencies and organizations regarding their programs and funding sources for land conservation. Research documents and testimony were provided to the task force by Legislative Research Commission staff, by administrators of conservation programs in Florida and North Carolina, and by the director of public affairs and policy of the Kentucky Department of Fish and Wildlife Resources.

The study concentrates on land acquisition for conservation rather than on easements or stewardship programs. This is because fee simple land acquisition, where the buyer assumes direct ownership of the land in total, is a popular method of ensuring land conservation, and it is the predominant method utilized by state conservation agencies in Kentucky. It also is a consistent way to review Kentucky's various land conservation programs and compare them to programs in other states.

Definitions of "Land Stewardship" and "Land Conservation"

"Land stewardship" and "land conservation" are often used interchangeably. Those terms also are interchanged with "land trusts," "land conservancy," "land preservation," "sustainable land use," and a plethora of similar terms. The use of many terms is due to the increase in the number

and diversity of land conservation and stewardship programs. Each program has a different notion about what conservation is or should be. Each program's notion of land conservation is shaped by the agency's mission and the repertoire of tools that further the agency's mission. An agency's mission will promote certain land conservation goals over others.

Land conservation generally is the protection of land and its resources. Land stewardship is a broader, more flexible concept than land conservation. It refers to the responsible use or management of land resources through one or many land conservation programs. A steward seeks to mitigate the conflict among or to promote certain land conservation goals over others. Such goals may include ecological sustainability, scenic beauty, historic preservation, public recreation, biodiversity, forest production, crop production, or soil quality. Even though land conservation focuses on protection, and stewardship focuses on the management and use of the land, both seek to sustain productivity and avoid losses of valuable components.

For the purpose of this study, neither land conservation nor land stewardship includes environmental remediation or cleanup, commercial or industrial redevelopment of brownfields, or reclamation of lands from natural resource disturbances. Most federal and state criteria disallow the enrollment of contaminated or polluted land even if the land is in the process of environmental remediation.

Both conservation and stewardship can occur at a micro level or at a macro level. At the micro level, an individual landowner determines which land conservation goals are important and then allocates resources accordingly. This occurs, for example, when a landowner implements a forest management plan or observes best management practices for silviculture. At the macro level, conservation and land stewardship are accomplished through policymakers and a variety of jurisdictional agencies prioritizing land conservation goals, implementing various land conservation programs, determining program funding, coordinating staffing, and coordinating inter-agency programs.

Findings and Possible Courses of Action

The similarities and differences between land conservation and land stewardship are pertinent in that they illustrate a core reason for the formation of the Land Stewardship and Conservation Task Force. Different agencies often use the same land conservation tools, but their goals may be duplicative or in competition or conflict. The objective of the Land Stewardship and Conservation Task Force was to bring different land preservation and conservation agencies together to forge a common vision of land conservation and speak with a common, coherent voice. These realizations led the task force to make findings and discuss possible courses of action.

Principal Findings

Finding 1: Land conservation in Kentucky is fragmented. It is delivered by numerous different state agencies, local governments, universities, and private organizations each focusing on

achieving different land conservation goals. This has led to a competition for land acquisition resources and scarce finances.

Finding 2: Kentucky Heritage Land Conservation Fund is the principal source of financing for land conservation in Kentucky, but it is insufficient for agencies to make needed land acquisitions.

Finding 3: The land acquisition process is complicated and long in duration. It requires additional review to determine whether restructuring would produce greater efficiencies and expedite land enrollments.

Finding 4: Kentucky has a decentralized approach in the delivery of land conservation service.

Possible Courses of Action

The task force did not make official recommendations. However, several courses of action were discussed during the task force meetings.

Action 1: The Land Stewardship and Conservation Task Force should be reauthorized by the 2008 General Assembly.

Action 2: The General Assembly should authorize the creation of a strategic plan for comprehensive, long-range land acquisition by state agencies.

Action 3: The General Assembly should identify and dedicate additional sources of funding for land conservation programs, including Purchase of Agricultural Conservation Easements.

Action 4: The General Assembly should authorize a lead agency to develop a more comprehensive approach to data collection, inventory, and needs assessments for land acquisition through the construction of an Internet site.

Action 5: The land acquisition process requires additional review to determine whether restructuring the process would produce greater efficiencies and expedite land enrollments.

Organization of Remaining Chapters

The remainder of this report focuses on the specific questions presented by HCR 120. Chapter 1 provides a snapshot of the status of land conservation in Kentucky. Chapter 2 discusses the role of land conservation programs, identifies popular land conservation tools, and describes the land acquisition process. This chapter also identifies Kentucky's different land conservation programs. Chapter 3 describes land acquisition financing in Kentucky, and Chapter 4 compares Kentucky's land conservation approach to land conservation approaches in Florida and North Carolina. Chapter 5 concludes with a presentation of task force findings and possible courses of action in greater detail.

Chapter 1

Where Are We now? Land Use in Kentucky

This chapter reviews land conservation efforts in Kentucky. It employs different measures of land use to compare Kentucky's land use trends to national- and state-level trends. Land use measures typically quantify the amount of land used for different human activities such as cropland, pasture and range, forest land, and developed land. These measures also include other designations such as land enrolled in the federal Conservation Reserve Program, water areas, other federal land, and other rural land. Land conversions occur when there is a change in land use, regardless of whether the land is converted to developed land or to forest land. In a limited sense, land use patterns can disclose where Kentucky stands with land conservation.

The effectiveness of the land conservation efforts in Kentucky is mixed. Some indicators show that Kentucky is not enrolling as much land in conservation programs as other states, but Kentucky is not undergoing as much land conversion as neighbors to the north and south.

As land is converted to developed uses such as residential housing, commercial buildings, and institutional uses, the amount of land available for conservation is reduced. It also creates additional development pressures by increasing demands for infrastructure to serve those newly developed areas. Given that one core goal of land conservation is to control development, land conversion measures are important indicators of conservation success.

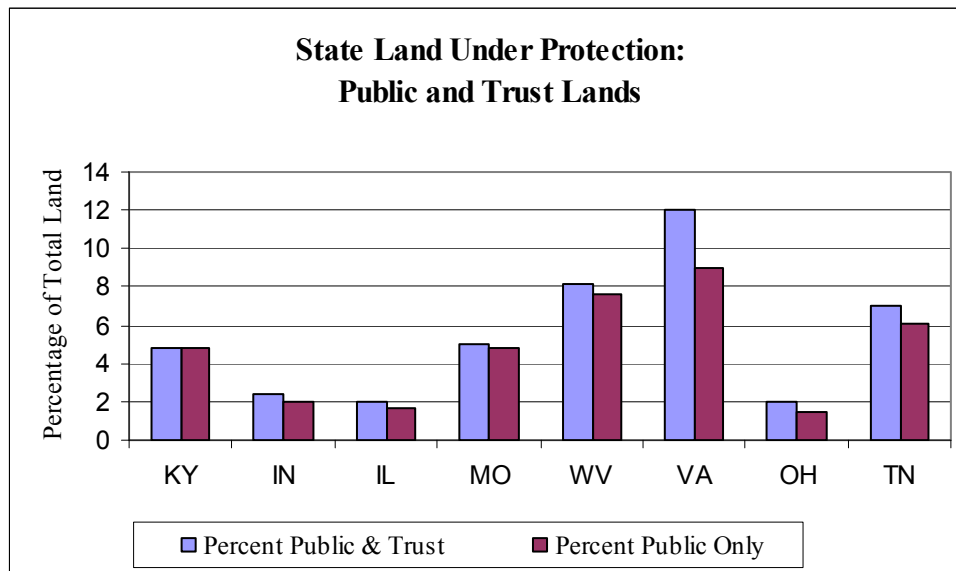
Land Use Trends Nationally and Regionally

Data from the National Resource Conservation Service (NRCS) indicates that the nation is experiencing an increasing loss of farmland, natural land, and habitat. The nation's developed land increased by 1.6 million acres per year between 1982 and 2003, while the amount of federal land remained constant. For the nation, overall land conversion occurred at a rate of 2.9 million acres per year during the same period.

Figure 1.A shows that land conversions between 1982 and 2003 within different NRCS regions have occurred at varying rates, and the region that contains Kentucky is developing land at a moderately higher rate than the rest of the nation.¹ In the Ohio/Tennessee River region, the amount of developed land increased steadily by 4.5 million acres between 1982 and 2003. During this same period, approximately 300,000 acres were converted from rural land use and another 3.2 million acres taken out of pasture.²

¹ The lowest rate of conversion is in the Lower Mississippi region, which has lost approximately 1 million acres since 1982. The highest rate of conversion is in the South Atlantic Gulf region, which has lost around 9.2 million acres in the same period.

² According to NRCS, rural land use includes farmsteads, windbreaks, barren and marshland. Pastureland is used primarily for the production of forage for livestock grazing.

Figure 1.A

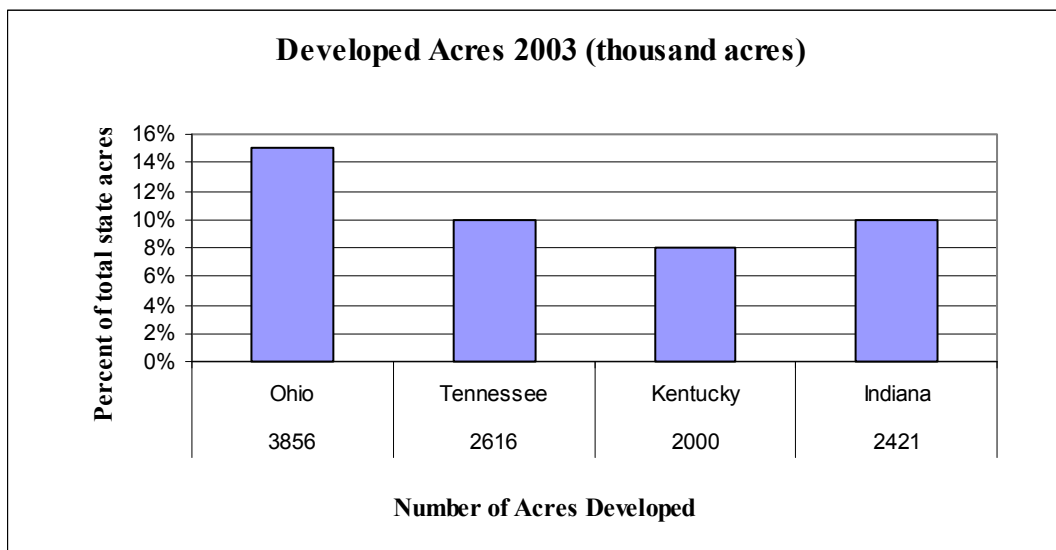
Source: National Resource Conservation Service.

Figure 1.B shows state-specific data from NRCS. The data further demonstrate a decade-long trend of stable development in Kentucky, but one that is slower than that of neighboring states in the Ohio/Tennessee River region. Kentucky total acreage is 25.8 million acres. In 1992, NRCS reported that Kentucky's developed land was approximately 1.5 million acres. By 2003, developed land had increased by nearly 500,000 acres to just over 2 million.³

Figure 1.B shows that Kentucky's developed land is less in both number and percentage of total area. Kentucky is in a moderately high growth region, but land conversion is not as aggressive in Kentucky as compared to selected neighboring states.

³ The NRCS 2003 developed land data has a margin of error for acres sampled of 107.4 thousand acres.

Figure 1.B



Source: National Resource Conservation Service.

Impact of Development

Any change in land use has positive and negative impacts. From a conservation standpoint, development influences the resource base as land is bid away from pasture, farmland, and habitat to alternative uses. This in turn may cause environmental, ecological, and hydrologic changes. Testimony provided by the Kentucky Land Conservation Committee indicated that land use changes have negatively affected habitat, outdoor recreation, and the agricultural/farm sector (Williams).

Habitat Preservation

More than 80 percent of Kentucky's wetlands have been lost since settlement (Dahl). Wetlands are important because river flows filter pollutants such as fertilizers and provide habitat for fish, invertebrates, and migratory fowl. It is not surprising that due to land use changes and wetland losses, Kentucky loses 47,000 acres of wildlife habitat each year, according to the Kentucky Department of Fish and Wildlife Resources.

One way to reduce habitat loss is to enroll land in national wildlife refuges. However, of the states situated contiguous to and including Kentucky, only Ohio has enrolled fewer acres in national wildlife refuges.⁴

⁴ Kentucky has enrolled 9,920 acres; Illinois has enrolled 150,719; Indiana has enrolled 64,862; Missouri has enrolled 73,161; Ohio has enrolled 9,081; Tennessee has enrolled 119,671; Virginia has enrolled 136,114; and West Virginia has enrolled 19,410 (U.S. Department of the Interior).

Public Access and Outdoor Recreation

Because many sectors in agriculture rely on the state's natural landscape, certain economies are lost because of development. For example, outdoor recreation relies heavily on public access, land availability, and wildlife habitat for sustenance. Only 2 percent of Kentucky's land is enrolled in wildlife management areas (WMAs); however, only 20 percent of WMA land is owned and protected directly by the Kentucky Department of Fish and Wildlife Resources. According to the department, land conversions reduce outdoor recreational opportunities and the economic wealth from those opportunities. Kentucky's outdoor recreation generates \$4.8 billion in annual revenues.

Farm land Preservation

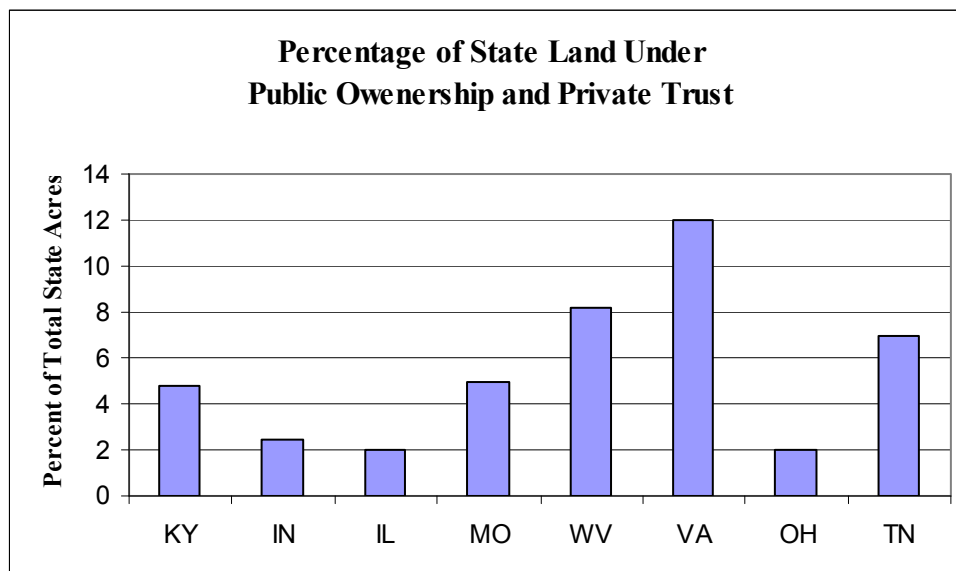
Land use changes impact farmland and forestland. Kentucky loses on average 136 acres of forest and 100 acres of farmland each day (Commonwealth. Div. of Forestry). The fastest conversions are occurring in the Bluegrass and Pennyroyal regions, which are characterized by prime farmland with high-quality soils, moisture, and good growing seasons important for future crop production and for rural land preservation. Roughly one-half of the state's total land area is in forest land, and the wood products industry may contribute as much as \$4 billion annually (Commonwealth. Legislative. *Tax*).

Lands Under Protection

Legislative Research Commission staff estimated land under protection at around 5 percent based on the amount of public land and land in trusts. Data compiled by the Kentucky Department of Fish and Wildlife Resources reports that 7.5 percent of Kentucky's land is protected by a conservation program.

The figures alone do not indicate whether Kentucky is protecting more or less land than other states. Using a combination of 1998 data for public land ownership and adding land enrolled in private nonprofit land trusts, Kentucky appears to be doing a better job than some states and a worse job than others. Figure 1.C shows the amount of land in trusts for Kentucky and several surrounding states.

Figure 1.C

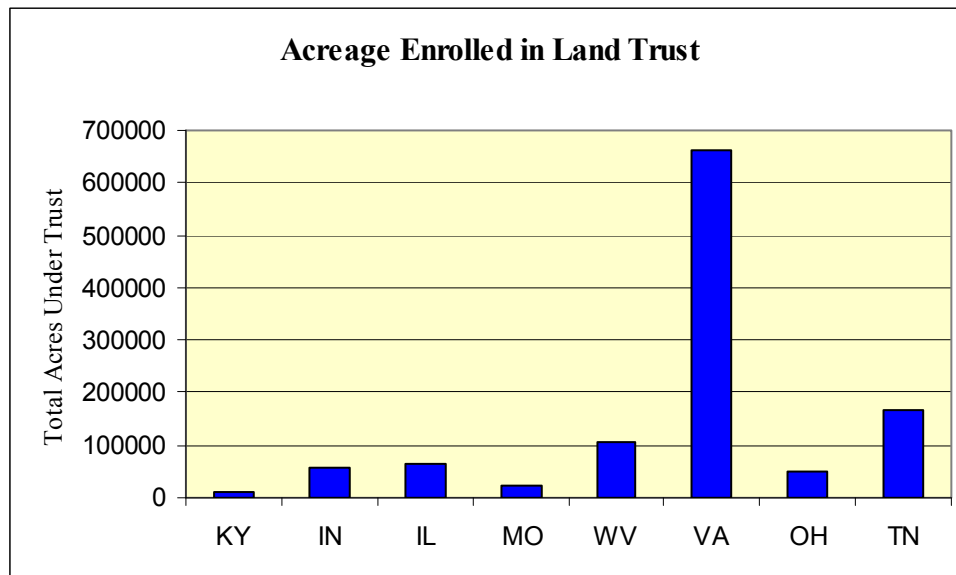


Sources: Land Trust Alliance; U.S. Bureau of Land Management.

Part of the reason that Kentucky, like surrounding states, has a low proportion of its land enrolled in conservation programs is the relatively high percentage of private land ownership (U.S. Bureau of Land Management). With the exception of Indiana, Illinois, and Ohio, the states listed above have higher percentages of public land ownership than Kentucky. At 94 percent of private ownership in Kentucky, the distribution of landownership clearly makes a difference in terms of the efficacy of different types of programs to encourage land conservation.

Higher levels of land conversion in Kentucky do not mean that all converted land was commercialized or industrialized. According to data from the National Resource Conservation Service, the preponderance of Kentucky's land remains under agricultural use as cropland or pastureland. This creates a greater impetus to support farmland preservation programs like Purchase of Development Rights and Purchase of Agricultural Conservation Easements to prevent transfer to nonagricultural uses.

Given that private landowners hold over 94 percent of Kentucky's acreage, private nonprofit land trusts should play a strong role in stewardship efforts. Land trusts are private, nonprofit organizations that conserve the land through voluntary efforts ranging from stewardship to land acquisition or some combination of the two (Land Trust Alliance). However, Figure 1.D shows that Kentucky, compared to its contiguous neighbors, has the fewest number of acres enrolled in nonprofit land trusts.

Figure 1.D

Source: Land Trust Alliance.

Conclusion

Land conservation in Kentucky, as measured by land conversions, land development, and land in trusts, indicates that Kentucky remains rural and agrarian at present. However, the region is under moderately intense development pressure. This pressure is not mitigated by the land ownership structure in the state. In fact, the land ownership structure creates a disincentive for landowners to participate in land conservation programs either by direct sale of land or by the implementation of stewardship programs. While data suggest Kentucky is experiencing residual impacts from development, no databases track those implications to build a cumulative assessment of the state.

Chapter 2

Conservation Service Delivery Methods

This chapter discusses how agencies deliver conservation service, focusing on one of the most popular methods: land acquisition. It will describe some of the various agencies, organizations, and programs that deliver conservation and stewardship in Kentucky. Given that there are more than 200 agencies that are involved in environmental advocacy, including land conservation and forest stewardship, this chapter will focus principally on the state and local agencies that receive Heritage Land Conservation Fund support. It will identify the agency's role and mission in delivering land conservation service.

Different Methods of Land Enrollment and Land Acquisition

One role conservation agencies play is to enroll private land for participation in land conservation programs. Enrollment in a conservation program can be accomplished through a variety of methods such as direct regulation of land use, direct purchase of the land or its development rights, payment to landholders to implement specific practices, or landholder education (Vantreese).

Most public and private agencies use voluntary methods, meaning that the seller is under no obligation to participate. However, conservation methods can be mandatory, such as the exercise of eminent domain or direct environmental regulation to protect critical habitat for endangered or threatened species (National Research Council). Florida has used the right of eminent domain to compel an owner within a contiguous group of acquisitions to sell the land (Farr. Testimony). Conservation methods tend to be economic in nature, meaning that there is some sort of financial payment to the landholder. However, some programs offer technical assistance or education in lieu of direct payment or subsidy to the landholder. Finally, some methods transfer the land to public ownership while others retain private ownership (National Research Council).

A review of acquisitions from the Division of Real Properties in the Finance and Administration Cabinet shows that fee simple acquisition and less-than-fee acquisition are the most popular tools utilized by Kentucky conservation agencies (Brownlee. Kentucky). Fee simple acquisition means that the agency will own the property without anyone having a future claim to the property (Singer). Often the land is transferred from private ownership to the public domain.

Less-than-fee acquisition means the current owner retains his or her ownership of the land. There is no transfer to the public domain (Singer). Less-than-fee includes conservation easements and environmental covenants. Both the easement and the covenant place a binding limitation on the use of the land that would pass to successive owners. Two popular less-than-fee programs in Kentucky are the Purchase of Development Rights and the Purchase of Agricultural Conservation Easements. Both pay to limit "development" of the land.

Several types of conservation tools used in Kentucky are primarily noneconomic in nature or offer limited financial assistance to a landowner. These are normally characterized as stewardship programs, cost-share programs, land-use management programs, and best management practices. The principal tool is technical or educational assistance on how to best use the land for some specified conservation purpose. The Forest Stewardship Program, the Sustainable Forest Outreach Initiative, and the Conservation Reserve Enhancement Program are popular conservation programs that provide technical assistance and some cost-share funds for implementing conservation measures. Oftentimes the attractiveness of these programs is the ability to improve the commercial viability of the land for the production of commodity like timber or certain crops.

Acquisitions by State Agencies and Land Available for Acquisition

Appendix B shows the amount of acreage reported by state agencies that is under the agency's ownership, control, protection, preservation, or management. The Division of Conservation shows the most acreage under a conservation program. The division offers cost-share and land-use management programs to encourage conservation but does not take an ownership in the land. The agency with the greatest amount of acreage that would be under direct ownership or control of a state agency is the Kentucky Department of Fish and Wildlife Resources (KDFWR) with 1 million acres. KDFWR has identified about 84,000 acres available for acquisition at a cost of \$22 million. Otherwise, remaining agencies own or control between 2,450 and 58,413 acres of land. Land identified by those agencies for acquisition ranges between 126,000 acres and as little as 675 acres. Land available for acquisition is presented in Appendix C.

Land Acquisition Process

The land acquisition process is straightforward from a conceptual standpoint. The land is "identified and appraised, a price is negotiated, the escrow established, and the titled is transferred" (National Research Council). In the private sector, a purchase can be accomplished in less than a month. In the public sector, it may take a state agency more than a year to acquire title to a parcel of land. The length and complexity of the land acquisition process was one of the chief complaints identified by various conservation agencies engaged in land acquisition. Appendix D summarizes survey responses from key agencies involved in public land acquisition in Kentucky. On average, land acquisitions take six to nine months to complete, but some are not completed for as long as two years. The process is detailed.

There are many reasons why the public land acquisition process may take longer. Unlike the private sector, the public land acquisition process is governed by multiple rules and procedures designed to protect the public interest. These rules and procedures have the consequence of extending the duration of the process, which can pose a problem for land conservation programs. It is difficult to retain willing sellers for a long period of time. The cost of carrying the property for a year or more may make a private-party sale more advantageous than placing the land under a conservation program. In addition, there is no prioritization for allowing critical cases to jump ahead in the process, even if the acquisition would be lost if it takes more time.

To understand how the acquisition process impacts land conservation programs, it is important to understand how the land acquisition process works. Appendix A, a land acquisition flow chart, demonstrates the complexity of the public land acquisition process.

First, KRS 56.470 requires all real estate transactions for state agencies to be conducted through the Finance and Administration Cabinet's Division of Real Properties. There are some exceptions identified in Finance and Administration Policy 220-14-00. Some entities handle their own acquisitions. This is true for right-of-way land acquisitions for the Transportation Cabinet, land acquisitions for the Kentucky Community and Technical College System, and certain universities that administer their own real properties.

Second, there are different types of acquisitions handled by the division: fee simple, permanent easements, mineral rights, agreements held with other entities, and right-of-ways. The Division of Real Properties administers all land acquisition requests and ensures compliance with applicable state and federal requirements and policy guidelines. For example, there are specific acquisition requirements in the Heritage Land Conservation Fund statutes. If an agency utilizes federal funds such as Forest Legacy Program dollars, there may be additional requirements on timber or land surveys.

The Finance and Administration Policy stipulates that the lowest appraised value be used as the basis for the offer, and the appraisals are predicated on the development value of the property. However, for rural lands, the development value may be very low and fail to account for the value associated with protecting endangered species or completing a continuous corridor for a wildlife management area. Requiring the lowest price per acre for determining the offer makes the process responsive to market prices but unresponsive to the public welfare value of land conservation.

KRS 58.470 and KRS 45A.045 require the division to use the Model Procurement Code competitive bidding requirements for different services such as the title survey, appraisal, or timber survey. The Division of Real Properties uses precertified vendor lists to expedite the process, but advertising and receiving bids even in a limited way adds additional time to the process. In addition, Finance and Administration Policy requires two appraisals for acquisitions over \$200,000; and if the cost of the appraisal or service is expected to be in excess of \$1,000, then the Exceptions Committee in the Finance and Administration Cabinet must review and approve the expense (Brownlee. Personal Interview).

Third, the workload in the Division of Real Properties fluctuates. Information supplied by the division, which is contained in Table 2.1, shows that the number of acres procured from one fiscal year to the next can vary widely. The size and complexity of any given acquisition project can influence the process. All acquisition projects are unique in nature and do not conform easily to a formula-driven review.

Table 2.1
Acres Purchased

Fiscal Year	FY 2004	FY 2005	FY 2006	FY 2007
Acres Purchased	2,497	4,323	2,419	10,721
Purchase Cost	\$13,321,878	3,634,590	\$3,755,721	\$14,523,563

Source: Brownlee. "Re: Land Acquisition."

The division's staffing is limited. There are two permanent staff handling half of the acquisition requests for all of state government (Brownlee. Personal Interview). Since 2003, the division averaged 34 non-donation-related acquisition requests per year. Table 2.2 shows the number of acquisition requests from FY 2004 to FY 2007. Land donations, which are a substantial proportion of the state's acquired lands, are handled under a separate process by the division. Last year, the number of nondonated acquisition requests increased to 51 (Brownlee. "Re: Land Acquisition").

Table 2.2
Acquisition Requests

Fiscal Year	FY 2004	FY 2005	FY 2006	FY 2007
Acquisition Requests	35	22	28	51

Source: Brownlee. "Re: Land Acquisition."

Workload fluctuations and staffing matter because at least half of those acquisitions are conservation related. Bottlenecks in the process that occur from year to year or during different times of year can delay or even forestall an important acquisition. This can happen when staff expedite end-of-year land donations or when open requests backlog because of problems with title opinions or environmental reviews.

Conservation Agencies in Kentucky

One factor that complicates the delivery of conservation is that many public and private agencies deliver land conservation services. A cursory count shows more than 40 public and private not-for-profit agencies actively administering different conservation and stewardship programs in Kentucky. The Kentucky Association for Environmental Education listed over 200 agencies delivering environmental education and services in Kentucky.

Additionally, public agencies are situated at all levels of government—local, state, federal—and each has different ideas about land conservation as reflected in the agency's mission. These public agencies may compete with each other for the same public finance sources.

The following is a list of principal government and nonprofit, private agencies engaged in conservation in Kentucky. The list outlines the agency's role, mission, finance, and program

enrollments. Separate attention is given in Chapter 3 to those agencies receiving Kentucky Heritage Conservation Fund support.

Federal Programs

Green River Conservation Reserve Enhancement Program

Established: The Green River Conservation Reserve Enhancement Program (CREP) was established in 2001 through an agreement between the Kentucky Department of Agriculture and the U.S. Department of Agriculture. The Green River CREP is a long-range project whose measurable goal is the reduction of sedimentation, nutrient runoff, and pesticides in up to 100,000 acres of the upper Green River. The Green River is a diverse ecosystem feeding into the Ohio River.

Mission: The mission of CREP is to protect wildlife habitat, including endangered species, and to restore habitat on the banks and the subterranean ecosystem.

Conservation Method and Tools: The program offers incentive payments for local landowners to institute best management practices and optional conservation easements to protect land from development.

Financing: Funding for Green River CREP comes from a combination of federal, state, and private sources. Partners include the U.S. Department of Agriculture's Farm Service Agency and Natural Resources Conservation Service, the Office of the Governor, the Kentucky General Assembly, Mammoth Cave National Park, Kentucky Chapter of the Nature Conservancy, and several state agencies.

State Programs

Jurisdictional Agency: Kentucky Department of Agriculture

Purchase of Agricultural Conservation Easements

Established: The Purchase of Agricultural Conservation Easements (PACE) program was created by the Kentucky General Assembly in 1994.

Mission: The program's stated purpose is to retain and enhance agriculture and to ensure that agricultural land is not converted to other uses.

Conservation Method and Tools: The PACE program purchases and accepts donations of conservation easements for agricultural land. Landowners apply to the program. Since 1994, conservation easements have been purchased for almost 21,000 acres at a cost of nearly \$18 million.

Financing: PACE is funded from general funds within the Kentucky Department of Agriculture and matching funds from the federal Farm Bill. In the past, funding from bond proceeds has been used, but this has been exhausted.

Jurisdictional Agency: Kentucky Division of Conservation

Soil Erosion and Water Quality Cost Share Program

Established: This program was created by the General Assembly in 1994.

Mission: The mission of the Kentucky Soil Erosion and Water Quality Cost Share Program is to provide agricultural landowners financial and technical assistance in implementing practices to improve water quality and decrease erosion.

Conservation Method and Tools: Priority is given to projects to manage animal waste, agricultural districts, and producers who have filed agriculture water quality plans with their local conservation districts. The state pays up to 75 percent of the actual cost of a project, to a maximum of \$20,000 per year.

Financing: Funding for the program comes from the Kentucky General Assembly through direct appropriations to the program from the Phase I Tobacco Master Settlement Agreement funds and from funds provided by the Kentucky Department of Agriculture.

Soil and Water Conservation Districts

Established: These districts were established by statute in 1940. The first district was organized in 1941, and the last district was organized in 1951.

Mission: The mission of conservation districts is to enhance and promote wise use of Kentucky's natural resources and agricultural land.

Conservation Method and Tools: Kentucky has 121 conservation districts, organized into nine areas. A watershed conservation district may be created as a subdistrict of any conservation district. Landowners are assisted with instituting best management practices and are provided with a link between landowners and local, state, and federal programs.

Financing: Conservation districts receive general funds from fiscal court, mileage tax through local fiscal courts, general, Tobacco Master Settlement Agreement funds and restricted funds from state government, and federal funds from numerous sources.

Jurisdictional Agency: Department for Environmental Protection, Division of Water

Wild Rivers Program

Established: Administered by the Division of Water, the Wild Rivers Program was established by the Kentucky Wild Rivers Act of 1972.

Mission: The program's mission is to preserve the unique scenic, fish and wildlife, botanical, geological, cultural, and recreational values of its most pristine rivers.

Conservation Methods and Tools: The Division of Water acquires from willing sellers private land within or adjacent to designated Wild River corridors. Portions of nine rivers of exceptional quality and aesthetic character have been designated as Kentucky Wild Rivers. Each of these designated rivers is a linear corridor encompassing all visible land on each side of the river up to a distance of 2,000 feet. The nine Wild River corridors comprise 114 river miles and 26,382 acres of land.

Financing: The Heritage Land Conservation Fund provides support for the program.

Jurisdictional Agency: Kentucky Department of Fish and Wildlife Resources

Wildlife Habitat Incentives Program/Habitat Improvement Project

Established: This program was initiated in 1986.

Mission: The program's purpose is to help landowners create or improve wildlife habitat.

Conservation Method and Tools: The program provides technical advice, direct funding, and assistance to landowners in accessing other sources of funding. It provides up to a 75 percent cost-share for eligible practices on their land.

Financing: The program is funded by the sale of hunting and fishing licenses, by boat registration fees, and by federal Wildlife Restoration Act funds.

Stream and Wetland Restoration Program

Established: This program was created by the Kentucky General Assembly in 2000.

Mission: It was created for the purpose of conserving and restoring the Commonwealth's wetlands or streams that may be damaged or destroyed due to commercial activities approved under a Section 404 or 401 permit issued by the U.S. Army Corps of Engineers and the Kentucky Division of Water.

Conservation Methods and Tools: The Stream and Wetland Restoration Program manages the Wetland and Stream Mitigation Fund created in 2002. This fund provides a consistent approach to fulfill compensatory mitigation requirements associated with Sections 404 and 401 requirements of the U.S. Army Corps of Engineers and the Kentucky Division of Water.

Financing: Support comes from the Kentucky Wetland and Stream Mitigation Fund.

Jurisdictional Agency: Kentucky Department for Natural Resources**Kentucky Heritage Land Conservation Fund**

Established: This fund was created by the Kentucky General Assembly in 1994.

Mission: The purpose of the fund is to preserve habitat for rare and endangered species and migratory animals; to protect natural areas; and to provide for public use, education, and recreation.

Conservation Method and Tools: The fund purchases natural areas and provides grants to local governments, state colleges and universities, and certain state agencies. Since 1995, the fund has purchased nearly 26,000 acres, at a cost of \$28 million. By statute, funds are distributed by the following breakdown:

- 10% Department of Fish and Wildlife Resources
- 10% Kentucky Department of Parks
- 10% Division of Forestry
- 10% Kentucky Nature Preserves Commission
- 10% Wild Rivers Program
- 50% Local governments, universities and colleges, and other agencies

Financing: Funding comes from the fee for Kentucky nature license plates, the state unmined minerals tax, environmental fines, interest income, and donations.

Forest Legacy Program

Established: The Forest Legacy Program was created by Congress in 1990 and was adopted by Kentucky in 2004.

Mission: The stated goals of the Kentucky Forest Legacy Program are to protect environmentally important forest areas that are threatened by conversion to nonforested uses and to promote working forests and other conservation opportunities.

Conservation Methods and Tools: The program supports state efforts to preserve forests by acquiring conservation easements restricting development and by requiring sustainable forestry practices.

Financing: The program receives funds from the federal Forest Legacy Program and the Kentucky Heritage Land Conservation Fund.

Forest Stewardship Program

Established: The 1990 Farm Bill established the Forest Stewardship Program, and in 1998, the Kentucky General Assembly established the Kentucky Forest Stewardship Incentives Fund.

Mission: The purpose of this program is to promote proper forest management, wildlife habitat improvement, forest watershed management, forest recreation, and aesthetics.

Conservation Methods and Tools: The stewardship program provides private owners of 10 or more acres of forestland with free help to develop a stewardship plan. The Division of Forestry coordinates meetings between a landowner and a forester, biologist, or other natural resources professional to develop a forest management plan.

Financing: The program is partially funded by the U.S. Forest Service and from the Kentucky Forest Stewardship Incentives Fund, which gets its money from penalties from violations of timber harvesting requirements.

Jurisdictional Agency: Kentucky State Nature Preserves Commission

Landowner Incentive Program

Established: The Landowner Incentive Program (LIP) was established in 2002.

Mission: This program is meant to provide private landowners with the technical and financial assistance necessary to protect and enhance habitat for Kentucky's most imperiled species.

Conservation Method and Tools: The Landowner Incentive Program provides private landowners with technical and financial assistance. This collaborative program between the Nature Preserves Commission, the Kentucky Chapter of the Nature Conservancy, and the Kentucky Department of Natural Resources seeks to work with landowners to improve habitats for rare species. Landowners may receive cost-free work from the program's biologists and other staff and funding up to 100 percent.

Financing: This program is principally supported with federal funds from the U.S. Fish and Wildlife Service. The funds are provided to the program through a memorandum of agreement with the Kentucky Department of Fish and Wildlife Resources. The U.S. Fish and Wildlife Service requires a 25 percent match on LIP grants and requires that Tier II grants, which are on-the-ground habitat improvement, are competitive. Tier I grants are for planning and initiating the program. Additionally, the Nature Preserves Commission receives annual funding from the Kentucky Heritage Land Conservation Fund.

Nature Preserves Program

Established: The Nature Preserves Program was formally initiated in 1986.

Mission: The program's mission is to restore habitats, protect rare species, and conduct scientific studies.

Conservation Method and tools: This program manages approximately 24,000 acres of nature preserves and natural areas in the Commonwealth. Land in the program is either

owned or managed by the state. The program is acquiring or undertaking the management of additional land.

Financing: Funding is provided by the Kentucky Heritage Land Conservation Fund, the Kentucky Department of Fish and Wildlife Resource and U.S. Fish and Wildlife Service, the Kentucky Division of Abandoned Mine Lands and the Division of Mine Reclamation and Enforcement, and the federal Office of Surface Mining Reclamation and Enforcement.

Jurisdictional Agency: Kentucky Commerce Cabinet

Kentucky Heritage Council

Established: In 1966, Congress enacted the National Historic Preservation Act that outlined federal preservation policies and mandated the establishment of state historic preservation offices. As a result, the Kentucky Heritage Commission, now the Kentucky Heritage Council, was created.

Mission: The mandate of the Kentucky Heritage Council is to identify, preserve, and protect the cultural resources of Kentucky.

Conservation Methods and Tools: The council manages several land-related conservation programs and projects, for example, the Preservation Grants program, the Kentucky Archaeology Survey, a tax credit program, the National Register of Historic Places, and the Preservation Education Resources Program.

Financing: The council is funded with federal program dollars and the state general fund. The Heritage Council administers two main grant programs designed to identify, protect, and enhance Kentucky's historic and cultural resources. Federal Survey and Planning grants are intended to identify historic resources, evaluate their significance, and plan for their future maintenance. The other main grant program, known as State Preservation Grants, provides funding and technical support for the restoration/rehabilitation, stabilization, and protection of historic properties.

Kentucky Department of Parks

Established: The Kentucky State Park Commission was created by the General Assembly in 1924.

Mission: The parks system seeks to provide recreation and to preserve significant historical and natural areas.

Conservation Methods and Tools: The Department of Parks protects approximately 38,000 acres through its management of 17 state resort parks, 24 recreational parks, and 11 state historic parks. Naturalists with the department coordinate several conservation-

related educational programs, for example, the Young Naturalist Program and the Backcountry Adventure Series.

Financing: The department receives funding from the Kentucky Heritage Land Conservation fund and the general fund.

Local Government Agencies and Special Districts

Lexington-Fayette Urban County Government/ Purchase of Development Rights

Established: The Purchase of Development Rights (PDR) program was created in 2000.

Mission: The purpose of this program is to protect rural and farm land in Lexington-Fayette County from development.

Conservation Methods and Tools: This program, run by the Lexington-Fayette Urban County Government, purchases easements selected annually by competitive application process. Donations of easements are also accepted. The minimum parcel size is 40 acres. One hundred sixty-nine farms totaling more than 19,800 acres are currently protected by conservation easements.

Financing: The PDR program is supported with local government general revenue funding and bonds, Tobacco Master Settlement Agreement funds, and Fayette County Agriculture Development Board funding.

Agricultural District Program

Established: The Agricultural District Program was created by the Kentucky General Assembly in 1982.

Mission: The purpose of the program is to help preserve agricultural land from development and urban expansion.

Conservation Methods and Tools: An owner or group of owners of at least 250 contiguous acres of agricultural land may petition to create an agricultural district. If approved by the Kentucky Department of Agriculture's Soil and Water Conservation Commission, land within the district is taxed at a lower rate, is not subject to assessment for water lines laid across the property, and is given preferential treatment for certain other state conservation programs.

Financing: There is no financing, per se, only incentives or benefits to the landowner participating in the Agricultural District Program.

Private, Nonprofit Organizations and Agencies

Bluegrass Conservancy

Established: This conservancy was established in 1995.

Mission: The mission of the conservancy is to preserve and conserve the unique rural and cultural resources of the Bluegrass region and to promote the conservation of Bluegrass farm land.

Conservation Methods and Tools: The conservancy accepts donations of conservation easements in Bourbon, Clark, Fayette, Jessamine, Madison, Scott, and Woodford Counties. It currently holds conservation easements on 19 properties, totaling approximately 3,000 acres.

Financing: The Bluegrass Conservancy is funded and maintained by donations from public foundations and grants, private citizens, and corporate groups.

Kentucky Natural Lands Trust

Established: The Kentucky National Lands Trust was formed in 1995.

Mission: The trust seeks to secure funds to protect natural lands and provide for their long-term stewardship.

Conservation Methods and Tools: The trust is a nonprofit group that purchases (outright or by easement) or otherwise protects natural areas of exceptional significance. It works with the Nature Preserves Commission to identify important regions. It is currently involved in protecting about 4,340 acres, including Kentucky's largest old-growth forest, Blanton Forest.

Financing: Funding for operations and for land purchases comes from contributions from individuals, grants, mitigation funds, and corporate support. Properties are often rolled over to state or federal agencies if state or federal funds are available for the project.

Kentucky Chapter of The Nature Conservancy

Established: The Nature Conservancy was created in 1951, and the Kentucky chapter was established in 1975 by volunteers.

Mission: The organization's stated mission on its web page is "to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive."

Conservation Methods and Tools: The Nature Conservancy owns or manages 38 preserves in Kentucky. It protects more than 40,000 acres through ownership,

conservation easements, and land management. Its major programs and projects are below.

- Ecosystem Projects. These are targeted areas where The Nature Conservancy helps to improve landowner practices, purchase conservation easements, and pursue other strategies to improve the health of the targeted ecosystem. There are currently seven active ecosystem projects in Kentucky, covering approximately 3 million acres.
- The Prescribed Fire Program. This program reintroduced fire as a forest management tool in Kentucky. It trains crews in ecological fire management to safely re-create naturally occurring fires in a variety of ecosystems.
- Conservation Buyer Program. This program sells land owned by The Nature Conservancy to private owners, retaining conservation easements. The program does not include land that is home to rare species.

Financing: The Kentucky Chapter of The Nature Conservancy works cooperatively with many state and federal agencies, local governments, other nongovernmental organizations, private landowners, and volunteers. It has an annual budget exceeding \$1 million and is supported by more than 8,000 members, including individuals, corporations, and foundations. Much of its funding comes from private fundraising. Working in partnership with other agencies, it also leverages money for conservation from federal sources such as the Farm Bill, Land and Water Conservation Fund for land acquisition on the Daniel Boone National Forest, and the Forest Legacy program.

Various Private Organizations and Trusts

There are many other smaller, private land trusts and organizations involved with land access, conservation, and preservation efforts in Kentucky. Some are listed below.

- Southeastern Cave Conservatory, Inc. (conserves about 40 acres)
- Boone County Conservatory (conserves about 208 acres)
- The Hill Trust (conserves about 34 acres)
- River Fields, Inc. (conserves about 1,813 acres)
- Louisville and Jefferson County Environmental Trust (conserves about 135 acres)
- Kentucky Conservation Committee (part of the Cumberland Chapter, Sierra Club)
- The Rocky Mountain Elk Foundation
- Ducks Unlimited
- The Sierra Club (Cumberland Chapter and groups)
- Kentucky Woodland Owners Association
- Kentucky Resources Council
- Dry Stone Conservancy

Chapter 3

Paying for Conservation

There is a distinctive disconnect between the willingness to pay for conservation and conservation outcomes. One assessment conducted by the University of Kentucky reported that Kentuckians were willing to pay as much as \$70 dollars to prevent a 50 percent loss of horse farms in Kentucky (Vantreese). Two other polls conducted by the UK Survey Research Center indicated widespread public support for increased taxes to fund wildlife conservation (Commonwealth. Legislative. *Report*).

However, positive public opinion has not translated into a better land conservation record, and land conservation in Kentucky appears to be losing ground, literally. Developed lands outpace lands placed under protection, and private landowners continue to have difficulty protecting private land themselves without assistance from cost-share programs. The variances between personal preferences for and willingness to implement conservation measures are due to the complexity of public finance for land conservation. Public funding for land conservation bridges the gap between how the landscape is valued as a private good and what the public must pay in order for land to be conserved. Here is why.

The landscape is valued as a private good. That means the free market reallocates land resources in a manner that reflects what private preferences are for using the land. When Finance and Administration Cabinet's Division of Real Properties appraises land for acquisition, it uses the "development value," which is the difference between the fair market value based on comparable sales and the value of the land under the restricted use (Brownlee. Personal Interview). However, the landscape is not just a private good; it is simultaneously a public good. For example, leaving land unused has a public benefit of contributing to scenic vistas, green space, or reducing water pollution by controlling erosion; but to the farmer holding unused land, conservation reduces potential revenues while distributing benefits to everyone else. Because conservation agencies cannot pay a premium for the land or offset the sellers' carrying costs, the more pressure that the landscape faces from development, the more likely the landholder will sell it to a private party.

This is why public and private agencies have become instrumental in land conservation efforts. Conservation agencies offset landowner costs of implementing conservation measures by subsidy or by direct payoff. They communicate the various costs and benefits associated with a particular parcel of land to other agencies and the public in general. They also obtain needed finances. In addition, they develop and transfer, both among themselves and to the public and government, the technical expertise about conservation's value. In short, conservation agencies play an important role in regulating a market that does not fully function due to its inability to set a price for those public costs and benefits (Vantreese).

Funding Sources

Kentucky Conservation Funds and Sources of Funding

There are several sources of state, federal, and private funds used for land conservation programs, and state agencies are resourceful about finding the most expeditious combinations of those funds in order to make land acquisitions. Of the seven state agencies that engage extensively in land conservation—Department of Agriculture, Division of Conservation, Department of Fish and Wildlife Resources, Division of Forestry, Department of Nature Preserves, Department for Natural Resource’s Wild Rivers Program, and the Department of Parks—the majority rely on the Heritage Land Conservation Fund (HLCF).

HLCF was established in 1990 as part of the Heritage Land Conservation Act. The funding mechanism, which includes nature license plates, environmental fines, and a portion of the unmined minerals tax, was enacted in 1994. HLCF provides funding for preserving and conserving natural areas that possess unique features such as habitat for rare and endangered species; areas important for migratory birds; areas that perform important natural functions that are subject to alteration or loss; and areas preserved in their natural state for public use, outdoor recreation, and education (Martin. “The Kentucky Heritage”).

HLCF is the largest recipient, coordinator, and distributor of conservation funds in the Commonwealth. One half of the funds are set aside for five dedicated state conservation agencies—Department of Fish and Wildlife Resources, Department of Parks, Division of Forestry, Kentucky State Nature Preserves, and the Wild Rivers Program—each receiving a 10 percent equal share (Martin. “The Kentucky Heritage”). Table 3.1 shows the agencies and programs that rely on the Heritage Land Conservation Fund for at least one-half of their total funding. On average, those state agencies have received between \$350,000 to \$500,000 each fiscal year (Martin. Testimony). The remaining 50 percent of HLCF is available to local and state government agencies and state colleges and universities through grants.

Table 3.1

State Agencies With Half or More Funding From HLCF

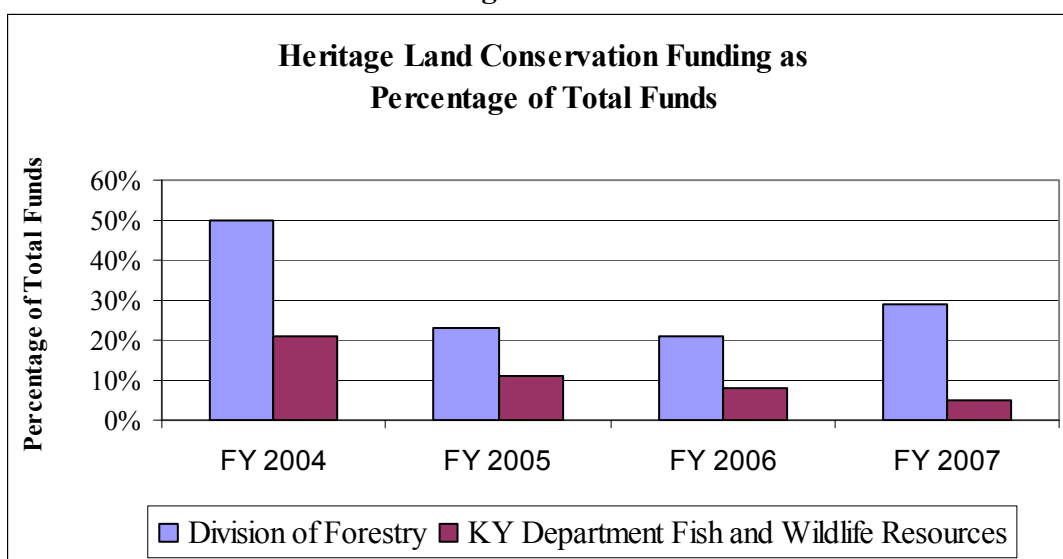
	Yes	No	N/A
Purchase of Agricultural Conservation Easements			√
Division of Conservation			√
Kentucky Department of Fish and Wildlife Resources		√	
Division of Forestry		√	
Nature Preserves Commission	√		
Wild Rivers Program	√		
Department of Parks	√		

Source: Staff compilation of data supplied by Kentucky Department of Agriculture, Division of Conservation, Kentucky Department of Fish and Wildlife Resources, Division of Forestry, Nature Preserves Commission, Wild Rivers Program, and Department of Parks.

The remaining two agencies did not receive HLCF support. The Division of Conservation reported that its farm land protection program is voluntary and does not engage in land acquisition. Funding for PACE comes from three main sources: state bonds, federal grants from the National Resources and Conservation Service, and a direct appropriation from the General Assembly when the program was created.

As Figure 3.A shows, HLCF is not as significant a source of funding for land acquisitions by KDWFR and by the Division of Forestry. Both have a greater reliance on federal grants, such as Pittman-Robinson dollars for KDWFR and Forest Stewardship dollars for the Division of Forestry. However, HLCF is used strategically to leverage federal funds and increase their share of federal grants. Nominally, HLCF funds have not decreased. Both agencies continue to receive 10 percent of the HLCF annual receipts. Only the share of HLCF to total funds has diminished, and more so for KDFWR than for the Division of Forestry, which has relied on HLCF for at least half of its funding in past years.

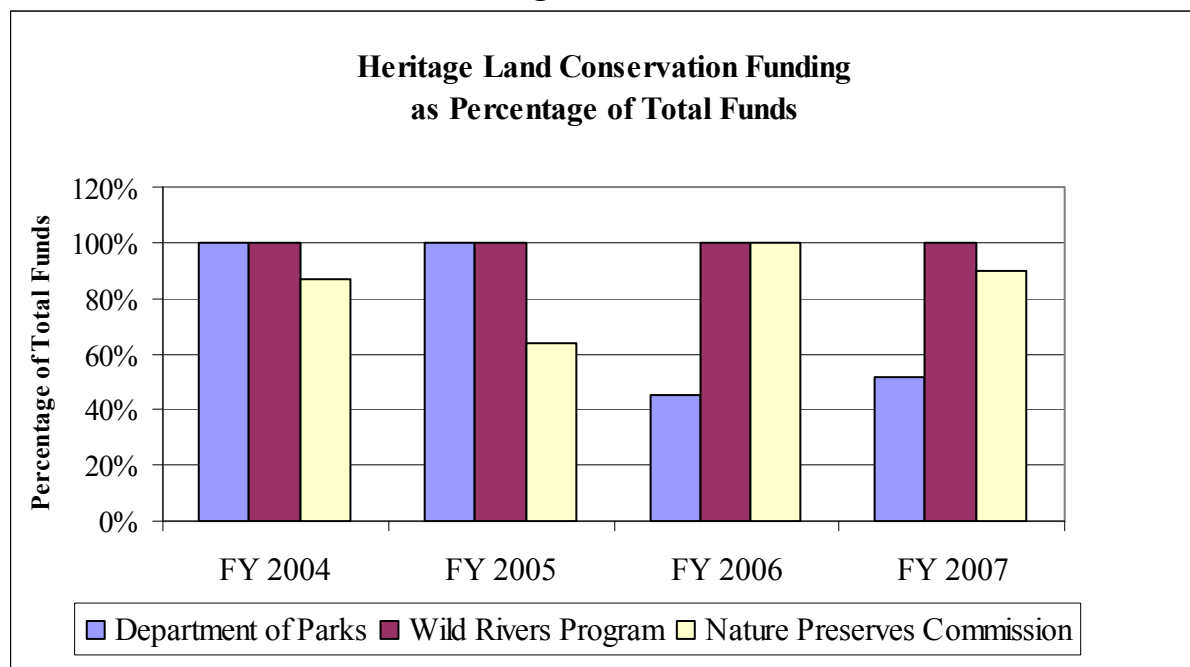
Figure 3.A



Source: Staff compilation of data supplied by Division of Forestry and Department of Fish and Wildlife Resources.

Figure 3.B shows the agencies that rely heavily on HLCF. One agency and one program—Nature Preserves Commission and Wild Rivers Program—are preservationist in their missions and less capable of obtaining fee-related income or partnering with another agency due to incompatibility in mission. The Wild Rivers Program reports that it relies on HLCF for 100 percent of its funding stream. The program protects from development and incompatible, use land that runs along a linear corridor of nine rivers deemed of exceptional quality and aesthetic character. According to the Nature Preserves Commission, HLCF averages 85 percent of its total funding for land acquisition. The Department of Parks, on the other hand, has a great reliance on HLCF; however, in recent years, the department reports that its share has been eclipsed by federal highway funds and development pool dollars.

Figure 3.B



Source: Staff compilation of data supplied by Department of Parks, Wild Rivers Program, and Nature Preserves Commission.

Stability of the Kentucky Heritage Land Conservation Fund

HLCF has proven to be a major financial catalyst of conservation in Kentucky. However, one of the problems with relying heavily on HLCF is that the revenue components of the fund can vary widely from year to year. This creates uncertainty about the next round of funding at the agency level. Table 3.2 shows the total fund receipts by revenue source. HLCF has reported that it generates roughly \$4.5 million a year, but there is no one stable, consistent revenue component in the HLCF (Martin. "The Kentucky Heritage"). Receipts from all three components fluctuate.

Table 3.2

Kentucky Heritage Land Conservation Fund Receipts

	Fiscal Years 1995-2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Total Fiscal Years 1995-2006
Nature License Plates	\$4,002,430	\$1,187,180	\$1,114,840	\$996,800	\$7,301,250
Environmental Fines	\$14,614,152	\$2,777,480	\$1,299,419	\$1,948,655	\$20,639,706
Unmined Minerals Tax	\$16,555,366	\$1,149,481	\$1,622,761	\$1,386,833	\$20,714,441
Interest	\$4,559,792	\$359,082	\$398,700	\$407,250	\$5,724,824
Other Receipts	\$4,229	\$405	\$100		\$4,734
Total	\$39,735,969	\$5,473,628	\$4,435,820	\$4,739,538	\$54,384,955

Source: Staff analysis of data supplied by Kentucky Heritage Land Conservation Fund and Department of Fish and Wildlife Resources.

Other Sources and Methods for Funding Land Conservation

There are ways for agencies to increase their revenues for land conservation programs if the Heritage Land Conservation Fund is over subscribed. Different approaches to financing land conservation are found at all levels of government and in other states.

State-level Resources for Funding Land Conservation

In Kentucky, there are state tax credits for permanent conservation easements, state credits for recreational access, and conservation finance ballot measures. Tax credit incentives are an increasingly common method used by states to obtain land conservation or public access easements from private property owners. KDFWR reported that and conservation and public access credits are used in California, Connecticut, Colorado, Delaware, Georgia, Maryland, Mississippi, North Carolina, New York, South Carolina, and Virginia to increase the amount of protected land while increasing outdoor opportunities for the public. By combining the two types of easements, agencies hope to increase interest and state funding for the tax incentive program.

Another alternative used by some states is the conservation ballot. Ballot initiatives allow for popular choice of imposing new taxes or encumbering funds from existing tax revenue streams. In a sense, the ballot initiative allows the public to state its own preferences for revenue uses rather than allowing local governments to do it. KDFWR reported that Kentucky does not utilize ballot initiatives for conservation purposes; however, since 1988, there have been 1,198 ballot measures passed by different states totaling more than \$91 billion. They have passed in both urban and rural communities in nearly all states.

Local-level Resources for Funding Land Conservation

There is a variety of local-level approaches, but these do not come with a dedicated funding mechanism that would reduce dependence on HLCF. In fact, many local-level programs rely on grants from HLCF to continue their programs. At the local level, governments have certain powers to pursue land conservation and land stewardship on their own.

Home rule is one approach used by local governments. A combination of powers granted both in statute and by the Kentucky Constitution have afforded cities and counties “home rule” powers. Home rule is a general issuance of authority for cities and counties. Under home rule, counties and cities have authority to pass ordinances or otherwise control issues that are not governed by the Kentucky Revised Statutes. The city or county may deal with conservation, preservation, parks and nature preserves, or enhancement of natural resources but will likely have to find funding by redirecting existing revenues. A special ad valorem tax available to city or county government under KRS 65.125 may be used for funding land conservation and stewardship programs.

Local governments also use planning and zoning and establish urban-service boundaries to encourage smarter growth. Smart growth means using comprehensive planning to plan communities that, among other things, preserve and enhance valuable natural and cultural resources. The Lexington-Fayette Urban County Government, through its planning and zoning

process, has taken an innovative approach to centralizing and concentrating urban services and characteristics by establishing an urban-service boundary. Using actual zones, the government has designated certain boundaries surrounding the urban core of the county as suitable for urban services and uses. The remaining areas of the county are zoned for uses other than what the government declares as being urban in nature. As a result, those areas have limited development.

Brownfield redevelopment programs have helped land conservation by reducing development pressure. Brownfield redevelopment is the process of cleaning up a brownfield which is contaminated industrial and commercial land. The idea is that these lands, if cleaned up of environmental pollution, would be transferable and then developed. Once again, there is no financing mechanism associated with the brownfield's redevelopment program. Rather, the land itself has development value. However, that development value cannot be extracted until the contamination is abated. Kentucky has established a voluntary remediation program that facilitates the clean up of brownfield sites by reducing some of the liability issues with conveying the land to another party and ensuring that there would be an appropriate development use of the land.

Local land conservation easement programs also include the Purchase Development Rights program (PDR) and Purchase of Scenic Easements (PSE). The PDR program gives local governments some financing authority; however, the PSE program does not. Under the PDR program, urban-county governments, according to KRS 67A.840 to 67A.850, may purchase the development rights from an owner's parcel of land. The Lexington-Fayette Urban County Government runs a PDR program without the aid of a dedicated tax levied by Lexington. The government has spent \$44 million on the purchase of development rights since the program's inception in 2000. The PSE program is similar. KRS 65.420 allows local governments to purchase scenic easements for "park development, restoration or preservation of scenic beauty, restoration or preservation of areas of historical interest, community development purposes and similar public purposes." Louisville has implemented a Scenic Corridor and Parkway program under its Land Development Code. The rights of way are subject to special landscape development standards when nominated corridors and parkways are accepted into the system. There is no purchase or transfer of development rights in the system, only differing standards of development.

There are special districts that are principally engaged in delivering land stewardship programs. Two of these special districts are fairly well known: soil and water conservation districts and agricultural districts. Parcels of land within counties can be designated as soil and water conservation districts or agricultural districts. Soil and water conservation districts are formed by direct petition of citizens to the state Soil and Water Conservation Commission. Agricultural districts are formed by petitions to the local conservation district board (KRS 262.850). Soil and water conservation districts can be funded by fiscal courts through appropriation or through a tax. The district itself is run by an elected board of commissioners (KRS 262.010-262.660). Agricultural districts do not have special taxing authority but benefit from being exempted from water line assessments.

Federal-level Resources for Funding Land Conservation

Aside from the federal programs discussed in Chapter 2, there are federal tax deductions to landowners who make a qualified conservation contribution. Per guidelines provided by Section 170 of the Internal Revenue Code, a qualified conservation contribution consists of a contribution of a real property interest to a qualified organization exclusively for conservation purposes. The contribution may be by sale or by donation, and the conservation purpose must preserve and protect the natural habitat and ecosystems by limiting future development of the land.

To accomplish this, a landowner who wishes to conserve or restrict the future use of a tract of land may restrict its future use and receive a tax benefit for agreeing to the restriction. The federal tax benefit is primarily in the form of an income tax deduction. The decrease in value of the land due to the qualified conservation contribution is considered a charitable contribution for federal and Kentucky income tax purposes. Additional benefits may accrue in that the value for estate tax purposes is the new, reduced value.

Conclusion

The Kentucky Heritage Land Conservation Fund is the principal source of finance for land conservation in Kentucky, but it is insufficient for agencies to make needed acquisitions. A survey of Kentucky's main conservation agencies, the findings of which are included in Appendix D, echoed the need for additional land conservation funding and the expansion of HLCF fundings. There is a gap between the lands available to be purchased and available dollars to make needed acquisitions. Some agencies have difficulty partnering with one another to coordinate needed financing, and there are fewer dollars for each agency to match federal funds. Programs such as PACE are jeopardized. They receive no HLCF funding and no general appropriations and are in an increasingly difficult position to obtain matching funds for federal dollars.

Chapter 4

Other State Approaches: Florida and North Carolina Programs

Kentucky's Decentralized Approach

A review of land use trends and the agencies and funding sources for land conservation shows that Kentucky has a decentralized approach to land conservation. A decentralized approach means that land conservation programs are offered discretely through different agencies without aid of a common plan or coordinated funding effort.

Under this decentralized approach, each agency works independently to secure financing for land acquisition through federal grants, direct appropriations, or HLCF's formula-driven allocation. Acquisition priorities are a function of each agency's mission, and certain agencies whose missions are harmonious tend to work together to finance projects, for example, the Division of Forestry and Kentucky Department of Fish and Wildlife Resources. This gives them more financial leveraging power. Other entities do not demonstrate as much partnering or they appear to partner more with private nonprofits: PACE and the Wild Rivers Program.

Local government programs, including universities, tend to exist apart from state programs in a larger land conservation approach. They have a host of different approaches with conservation value, but those agencies remain hamstrung when obtaining financing. Local governments do not use or conform to the requirements of the Finance and Administration Cabinet's land acquisition process. In fact, the only thing that is common among land conservation programs across the state is the reliance on HLCF for funding.

Comparison of Kentucky to Florida and North Carolina

Florida and North Carolina are examples of two states that are more centralized in their approaches to land conservation. They demonstrate different degrees of centralization. The task force received documents and testimony from officials of Florida Forever and North Carolina's One NCNaturally. This compiled information shows that these two states do rely on a plethora of public and private agencies for land conservation. Nevertheless, both states attempt to fold all the agencies under a statewide strategic planning process. Florida has even adopted a centralized land acquisition processes.

Florida Forever

Much of the Florida Forever program is funded through a combination of bond sales and a documentary tax that is earmarked for land conservation programs. Land acquisition funding averages \$300 million annually (Farr. "Florida's"). Land acquisition has been robust in Florida due to its tourism-based economy in which the landscape value is higher, and the population growth rate continues to create intense development pressure (Kiker). Today, Florida has about 10 million acres, or 30 percent of its total land area, under land conservation (Farr. Testimony). By way of comparison, Kentucky only has 7.5 percent of its land under protection. In fact, there

are no states surrounding Kentucky that have more than 12 percent of their land in a land conservation program.

Florida is an example of a centralized land conservation program. Both the planning and acquisition processes are conducted by one program. However, it was not always that way. Prior to 1963, there was not an established land acquisition program in Florida. Like many other states, including Kentucky, Florida's land conservation programs began as a series of discrete uncoordinated departmental initiatives. Among the various programs established, there was an Outdoor Recreation and Conservation Program to acquire land for recreational use and an Environmentally Endangered Land Program to acquire lands for protection and preservation. Land conservation is performed through the Division of Forestry, the Department of Outdoor Recreation, and the Department of Environmental Protection. Also, because waterways are so important to Florida's environment, several water management districts purchase lands for conservation. Each district had its own internal agency procedures and missions for selecting lands for acquisition (Farr. "Florida's").

Therefore, while land conservation in Florida was not always centralized, it did appear to enjoy success and popular support. However, in 1989, the focus shifted toward a need for common vision and a more coordinated approach to land acquisition (Farr. Testimony). Development had shifted into high gear and prices were escalating faster than funding for land acquisition. Gov. Bob Martinez established a commission to examine Florida's environmental problems and recommend a course of action. The result was a more centralized program called Preservation 2000. Under Preservation 2000, the participating departments and agencies did not lose their role in land conservation. Rather, many of the acquisition decisions were coordinated through one separate agency: the Land Acquisition and Restoration Council (Farr. "Florida's").

In 1999, the council was reauthorized by the Florida Forever Act. It is made up of the heads of five agencies—the Department of Environmental Protection, Fish and Wildlife Commission, Department of Agriculture and Consumer Services, Division of Historical Resources in the Department of State, and the Department of Community Affairs—and four private citizens appointed by the governor (Farr. "Florida's"). The council began instituting scoring to determine acquisition priority under the legislation's specified goals. It also instituted performance measures to ensure the program met its acquisition goals (Farr. Testimony).

Applications to submit land for acquisition can come from anyone, including private citizens and conservation groups. All applications are funneled through the Florida Natural Areas Inventory, which maps the state using a model called the Florida Forever Tool for Efficient Resource and Acquisition and Conservation to determine where areas of priority exist and then seeks to overlay the acquisition request information with the information existing in the inventory database. The council makes decisions about which projects will be under final consideration. After a series of public hearings, the final acquisition list is approved by the governor and the Cabinet of Florida (Farr. Testimony; Farr. "Florida's").

After approval, the process is similar to the land acquisition process in Kentucky. Like in Kentucky, Florida's land acquisition process takes about one year to complete. In Florida, the project is sent to the Bureau of Land Acquisition that performs the detailed work of the

acquisition, much like Kentucky's Division of Real Properties in the Finance and Administration Cabinet. Florida's stringent acquisition process is not much different from Kentucky's acquisition process. The steps are much the same in terms of survey, appraisal, and title opinion. There are typically two appraisals in Florida, but there can be three appraisals depending on the price of the land. However, unlike Kentucky, the Governor and Cabinet of Florida may elect to pay the acquisition price on a higher appraisal value. In Kentucky, only the lowest appraised value may be used. In addition, Florida's agencies cannot act independently on land acquisition. The process of land selection under the council compels different agencies to harmonize their acquisition goals and to build consensus between the agencies (Farr. Testimony). After the acquisition is completed, the land is leased back to appropriate agencies for postacquisition land management.

Florida leads the nation in purchasing property to protect natural resources and providing access to resource-based recreation. Its park system has been twice recognized by the National Recreation and Parks Association as the nation's "Best Park Service." It is a large, centralized, and comprehensive land preservation program. Over recent years, through its Florida Forever program, Florida has directly purchased 6 million acres. When combined with federal lands, including military bases and holdings of local governments, Florida has nearly 10 million acres that is publicly controlled and managed (Farr. "Florida's").

North Carolina's One NCNaturally

North Carolina is less centralized than Florida in terms of its acquisition process. It would be better characterized as coordinated regional planning. North Carolina was chosen for review because of its program size, funding, and its similarity to Kentucky in terms of attempting to institute a more coordinated land acquisition process. The director of Florida's NCNaturally stated: "North Carolina is one step behind Florida and perhaps one step in front of Kentucky" (Rogers. Testimony).

The same trends that have stimulated land conservation efforts in Florida also piqued interest in land conservation in North Carolina. It is reported that North Carolina currently has 12 million acres in conservation held either by the state or by nonprofit conservation agencies ("N.C. grows"). That acreage increased substantially over recent years. However, demographics are changing in North Carolina: population growth increased by 21 percent from 1990 to 2000 (Land for Tomorrow). North Carolina also became the fastest-growing state, consuming 277 acres of undeveloped land daily (Sutherland). North Carolina is experiencing higher land sales due to changes in industrial patterns. Power companies are selling land used for hydropower, and private landowners that farmed tobacco under the tobacco quota system are selling land to developers.

There are also conservation funding issues. The North Carolina General Assembly has spent about \$670 million for land conservation over the past 10 years ("N.C. grows"). Moreover, North Carolina spends \$150 million annually for land conservation through Natural Heritage, Park and Recreation, Clean Water Management, and Agricultural Farmland Preservation (Rogers. Testimony). There is also an Ecosystem Enhancement Trust Fund that acquires lands by using

mitigation funds. These land conservation trust funds are financed through a stamp tax and license plate fees.

However, funding for land conservation is partly the reason why North Carolina decided to pursue a more coordinated approach to land acquisition. Two of the funds—Farmland Preservation and Natural Heritage—have received sporadic funding or little funding since their inception in the mid-1990s (Land for Tomorrow). One NCNaturally, while being an aggressive program to coordinate agency activities to implement the Million Acre Initiative, has had funding problems, too. The University of North Carolina’s Environmental Finance Center estimates the funding gap between various land conservation programs and the available finance to be \$3.2 billion over five years beginning in 2005 (Land for Tomorrow). Currently, One NCNaturally is not meeting its land acquisition goals because there are not enough funds (Rogers. Testimony).

Integrated Planning Process

There are two major components to One NCNaturally’s planning effort. The first stage is the integrated planning process and the second is the acquisition process. The planning process includes regional planning and integrated assessments. Both regional planning and integrated assessments are distinct from one another and serve different purposes. The regional planning process actually occurred several years prior to the development of the integrated assessment (Pearsoll).

North Carolina created eight regional planning areas: Eastern Piedmont, Southern Piedmont, Central Piedmont, Sandhills, Northern Mountain, Southern Mountain, Northern Costal, and Southern Costal (Rogers. Testimony). The role of the regional planning process was to bring various entities together within the region to identify their needs, develop plans, and generate participation in and acceptance of the planning process (Rogers. Personal Interview).

The integrated assessment process has since eclipsed the regional planning process. There is no one state plan. Rather, there is a series of separate assessments built upon green infrastructure planning. Green infrastructure planning maps out open spaces, ecosystems, and habitats to promote sustainability of natural resources and to improve the quality of life for the inhabitants. They focus on areas like wildlife diversity, ecosystems, farm land assessments. Once those plans are complete, One NCNaturally attempts to generate priority areas for land acquisition within each one of the assessments. The various assessments are submitted to the various trust funds that make the land acquisition decisions (Pearsoll).

One NCNaturally is divided into three major sections: Working Lands, Forever Natural, and Working on the Water. The Working Lands Program responds to selected actions by the North Carolina Association of Soil and Water Conservation Districts, the North Carolina Division of Soil and Water Conservation, partnership agencies, and the General Assembly to place a greater emphasis on working land conservation programs and services. Its major objectives include improving soil and water quality, conserving working farm land, restoring wetlands, enhancing wildlife habitat, and improving grassland. Other objectives are promoting proper forest

management and increasing funding to private landowners for easements, tree establishment, and other cost-share incentives (Rogers. Testimony).

Forever Natural is a regional mapping effort to identify and protect the highest-priority sites, which are usually contiguous networks or corridors of habitat. Priorities focus on aquatic and terrestrial biodiversity. Tracking the progress is the role of a “Million Acres” initiative aimed at acquiring 1 million acres during a decade that ends in 2009. The North Carolina General Assembly provides operating funds for the state’s land protection agencies and four citizen-guided trust funds: Clean Water Management Trust Fund, Natural Heritage Trust Fund, Parks and Recreation Trust Fund (Rogers. Testimony).

Working on the Water is a Coastal Habitat Protection Plan developed by the North Carolina Marine Fisheries, the Coastal Resources Commission, and the Environmental Management Commission. These and other agencies review proposed projects and enforcement cases, develop indicators of habitat health and report on trends, work to restore oyster shell bottoms, and educate the public about the importance of marine coastal conservation (Rogers. Testimony).

The different sections of One NCNaturally are important because they develop information for the state’s priority conservation missions, and each section regroups different land conservation constituencies. In one respect, the three sections give guidance to the acquisition decision makers, and in another respect, the three sections are wholly separate from the structural core of the land acquisition process (Rogers. Personal Interview). The decision makers of the boards of the four conservation trust funds make up the structural core.

The Acquisition Process

The second stage of the planning effort is the actual acquisition selection process. Land acquisition at this point is more decentralized. The four boards have different missions and constituencies and operate under different acquisition criteria and processes (Rogers. Testimony; Rogers. Personal Interview). They utilize the information from the regional planning tool and from the different One NCNaturally sections. However, each of the four boards accepts land acquisition applications. Each board reviews its own applications, prioritizes its own acquisition list, and makes its own acquisition decisions (Pearsoll).

Until the point of making acquisition decisions, One NCNaturally program is similar to Florida Forever. There is a statewide planning effort, albeit formulated regionally and categorically and then delivered through one central state entity—One NCNaturally. The integrated assessments that are created at One NCNaturally become a tool for the boards to use in making decisions rather than a determinant of which properties are selected for purchase.

The acquisition process is longer in North Carolina than in Kentucky or Florida. It takes at a minimum more than a year to purchase a property, and oftentimes in North Carolina as in Kentucky, closing does not occur until six months later (Rogers. Personal Interview). In North Carolina, as in Kentucky, if a property is predicated on a grant to a state agency, then the Division of State Property uses a central acquisition process for the application. The acquisition will then be conducted through the division and then once completed, assigned to a state agency for management purposes. If the property is subject to a grant made to a nonstate agency, then the acquisition process proceeds under a contract and differs from the state acquisition process.

North Carolina has more flexibility in the acquisition process compared to Kentucky. North Carolina's boards make the final determination on whether to purchase a property, and the boards can select to use a higher appraised value if the property is determined to be of high-priority. In addition, North Carolina can expedite the acquisition for higher-priority properties because the process occurs more so within the trust fund rather than in North Carolina's Division of State Property. Because the process is so lengthy and property owners want to close quickly, North Carolina's boards can pay on options to purchase. This allows the board to pay the landowner a smaller sum in order to hold the land until the acquisition process is complete (Rogers. Personal interview).

The point of planning under One NCNaturally is to bring various agencies that perform land acquisition together to harmonize the acquisition goals. Once a year, the four boards of the conservation trust funds meet to discuss their acquisition lists (Pearsoll). This process serves to institutionalize statewide planning; however, none of the boards is bound to alter their acquisition lists. One NCNaturally brings the boards together in a strategic planning process designed to foster common perspective and to optimize acquisition spending.

Conclusion

One NCNaturally is not a centralized, comprehensive mechanism like Florida Forever, but it is more centralized than Kentucky's acquisition and planning process. North Carolina does not make acquisition decisions exclusively through one state agency, as is the case in Florida. Nor does North Carolina or Florida have the restrictions that are imposed under Kentucky's acquisition process led by Finance and Administration Cabinet.

As in Kentucky, the main North Carolina entities that engage in land conservation—Wildlife Resources Commission, Division of Forest Resources, Department of Agriculture, Office of Conservation and Community Affairs, Department for Cultural Resources, Division of Parks and Recreation, Soil and Water Conservation programs, Department of Environment and Natural Resources, and local governments—continue to acquire land for conservation purposes (Sutherland).

Nevertheless, North Carolina and Florida have successful planning efforts that have greater flexibility and fewer points of entry for applicants that want to sell their land to the state for conservation purposes. This reduces the amount of competition among agencies for funding. It better concentrates spending for conservation based on the priorities of the state rather than each agency's discrete mission. In North Carolina, the planning process establishes a mechanism for formalizing a centralized, scientific planning approach.

Chapter 5

Task Force Findings and Possible Courses of Action

The task force made several principal findings about issues related to land stewardship and conservation in Kentucky. It did not make official recommendations, although it identified several courses of action that the General Assembly might take.

Principal Findings

Finding 1: Land conservation in Kentucky is fragmented. It is delivered by numerous different state agencies, local governments, universities, and private organizations each focusing on achieving different land conservation goals. This has led to a competition for land acquisition resource and scarce financing.

The fragmentation in delivery and decentralization in approach to land conservation is a historical and national trend rather than something peculiar to Kentucky. There are many agencies engaged in land conservation, and only one main source—Heritage Land Conservation Fund—for consistent funding. That there are so many public and private entities engaged in land conservation naturally leads to competition for land acquisition resources as the funds are spread thin among agencies. This causes agencies to bid for additional funding or compels them to harmonize their goals in partnerships.

Finding 2: The Heritage Land Conservation Fund is the principal source of financing for land conservation in Kentucky, but it is insufficient for agencies to make needed land acquisitions.

State and local governments utilize several state and federal funding sources for land acquisition. However, the Kentucky Heritage Land Conservation Fund is by far the most significant source of funds for land acquisition in Kentucky. While the funding mechanism is dedicated, the revenue streams tend to fluctuate and are not sufficient for agencies to utilize to obtain additional federal matching funds.

Finding 3: The land acquisition process is complicated and long in duration. It requires additional review to determine whether restructuring would produce greater efficiencies and expedite land enrollments.

Public land acquisition by state agencies is long in duration compared to the private sector, local governments, universities, and nongovernmental entities. The duration of the land acquisition process in Kentucky is similar to the duration in Florida, but Florida's land acquisition agency has more flexibility. Sellers want to close on a property quickly to reduce the carrying costs of a property. Kentucky wants to ensure the best and highest use of public funds. There is no mechanism for expedited processing of more valued land acquisitions or for using higher

appraised values. The result is that the long duration of the public land acquisition process and lack of flexibility leads to fewer acres enrolled in land conservation programs by state agencies.

Finding 4: Kentucky has a decentralized approach in the delivery of land conservation service.

Each of the various agencies across the state that make land acquisitions determines which lands to buy based on the agency's mission, funding, and land availability. There is no central agency or program that brings those agencies together to determine which lands should be given priority for purchase.

Possible Courses of Action

Action 1: The Land Stewardship and Conservation Task Force should be reauthorized by the 2008 General Assembly.

Prior to 2007 House Concurrent Resolution 120, there had not been a comprehensive examination of land conservation and land stewardship in the Commonwealth. Previous studies and task forces examined one aspect of land conservation such as wildlife funding or tax incentives for forestry. At this point, it is clear that the work of the task force is incomplete. An evaluation of land conservation programs and their funding needs should be accomplished over a longer term.

This study relies on 2003 land use data from the National Resource Inventory to understand conservation trends across the nation and in Kentucky. However, the National Resource Inventory will release 2005 data next year, and the state's land use trends should be updated to reflect newer data. Reauthorization would allow the task force to provide such an update as well as to examine integral topics that did not receive time and attention during the 2007 Interim, such as the land acquisition process, the impact of the agri-energy sector on land conservation, and how state agencies conduct project review and determine which projects are funded. Also, the task force can examine the relative value of different funding strategies such as bonding and ballot measures.

Action 2: The General Assembly should authorize the creation of a strategic plan for comprehensive, long-range land acquisition by state agencies.

Finding 4 shows that land conservation is decentralized. Each of the land conservation agencies determines which lands to buy based on the agency's mission, funding, and land availability. There is no central agency or program that brings those agencies together to determine which lands should be given higher priority for purchase and which ones should be given lower priority.

Which project is funded is determined more by the agency's capacity to generate acquisition funds rather than by the intrinsic value of the land acquisition itself. It is not surprising that those state agencies that have the greatest amount of land acquisition funding—Kentucky Department

of Fish and Wildlife Resources and the Division of Forestry—also have the largest number of acres acquired.

In Kentucky, prioritization for project selection and funding occurs within agencies rather than between agencies across the state. Scarce acquisition funding and extrinsic determination of land acquisitions have been problems for other states as well. Florida and North Carolina have utilized the planning tool to bring agencies together, create transparency, and rationalize both the acquisition process and the project prioritization process. These improvements have allowed these two states to better optimize their land conservation dollars.

By adopting a strategic plan, Kentucky agencies with different missions and programs can coordinate their financial and personnel resources to identify, prioritize, and fund different parcels of land to be acquired. The plan should also include establishing an objective panel to review project proposals. The plan can provide better information to the Finance and Administration Cabinet, which will assist program agencies in expediting the land acquisition process. Strategic planning may create public access opportunities and give local governments, nonprofit organizations, and private citizens input into the planning process. Improving the communication, coordination, and planning that occurs among state agencies will allow them to be better stewards of land conservation policy in the Commonwealth.

Action 3: The General Assembly should identify and dedicate additional sources of funding for land conservation programs, including Purchase of Agricultural Conservation Easements.

Kentucky Heritage Land Conservation Fund (HLCF) is the most significant source of funds for land acquisition and stewardship programs in Kentucky. It generates roughly \$4.5 million annually. One half of the funds from HLCF are set aside for five dedicated state conservation agencies and programs—Department of Fish and Wildlife Resources, Department of Parks, Division of Forestry, Kentucky State Nature Preserves Commission, and the Kentucky Wild Rivers Program. These agencies and programs each receive a 10 percent equal share that averages between \$350,000 to \$500,000 each fiscal year. The remaining 50 percent of the HLCF is made available to local governments and universities in the form of grants for land conservation.

However, HLCF revenue streams fluctuate. HLCF relies on revenues from license plate revenues, environmental fines, and a portion of the unmined minerals tax. Also, agency funding levels often are insufficient to be used to obtain additional federal matching funds. Consequently, many important conservation programs like the Purchase of Agricultural Conservation Easements rely exclusively on federal dollars and receive no funding either from the HLCF or from the general fund. These programs are particularly at risk due to the increasing land prices for agricultural lands that are being converted to grow feedstock for the transportation fuel sector.

Action 4: The General Assembly should authorize a lead agency to develop a more comprehensive approach to data collection, inventory, and needs assessments for land acquisition through the construction of an Internet site.

In Kentucky, a conservation-related acquisition is determined more by the agency's capacity to generate acquisition funds rather than by the intrinsic value of the land acquisition itself. This has also been a problem in states like North Carolina and Florida. These two states are responding to growing evidence that conservation assessment tools are an important piece of the planning process. This is particularly clear in the case of North Carolina, which is quickly integrating the assessment tools into the prioritization process used by the four different conservation funds.

Kentucky's land conservation agencies reported there is a need for more data and survey information. This information can be used to identify, prioritize, and match those lands with state and federal funding opportunities much in the same way as occurs in North Carolina. By constructing an electronic site, multiple users and potentially interested consumers will be able to obtain and share information. The types of information that can be performed through, uploaded to, and shared by interested parties include

- Public opinion and attitudinal surveys to measure awareness of land access, conservation, and preservation.
- Land inventories of those currently acquired or potentially available for acquisition, including those protected and managed by local units of government that are currently protected. In addition, a public lands inventory system could be established for recreational use categories.
- An inventory of high-quality habitat, rare species, and the biodiversity of species, communities, and ecosystems.
- Analyses of ecosystem benefits and services such as flood control, soil fertility, pollinators, and pollution control that are provided by natural ecosystems.
- A geographic information system database that shows layered land use, the natural resource on the land, and program status maps. These can be used to identify lands for easements and acquisitions and to track progress.

Action 5: The land acquisition process requires additional review to determine whether restructuring the process would produce greater efficiencies and expedite land enrollments.

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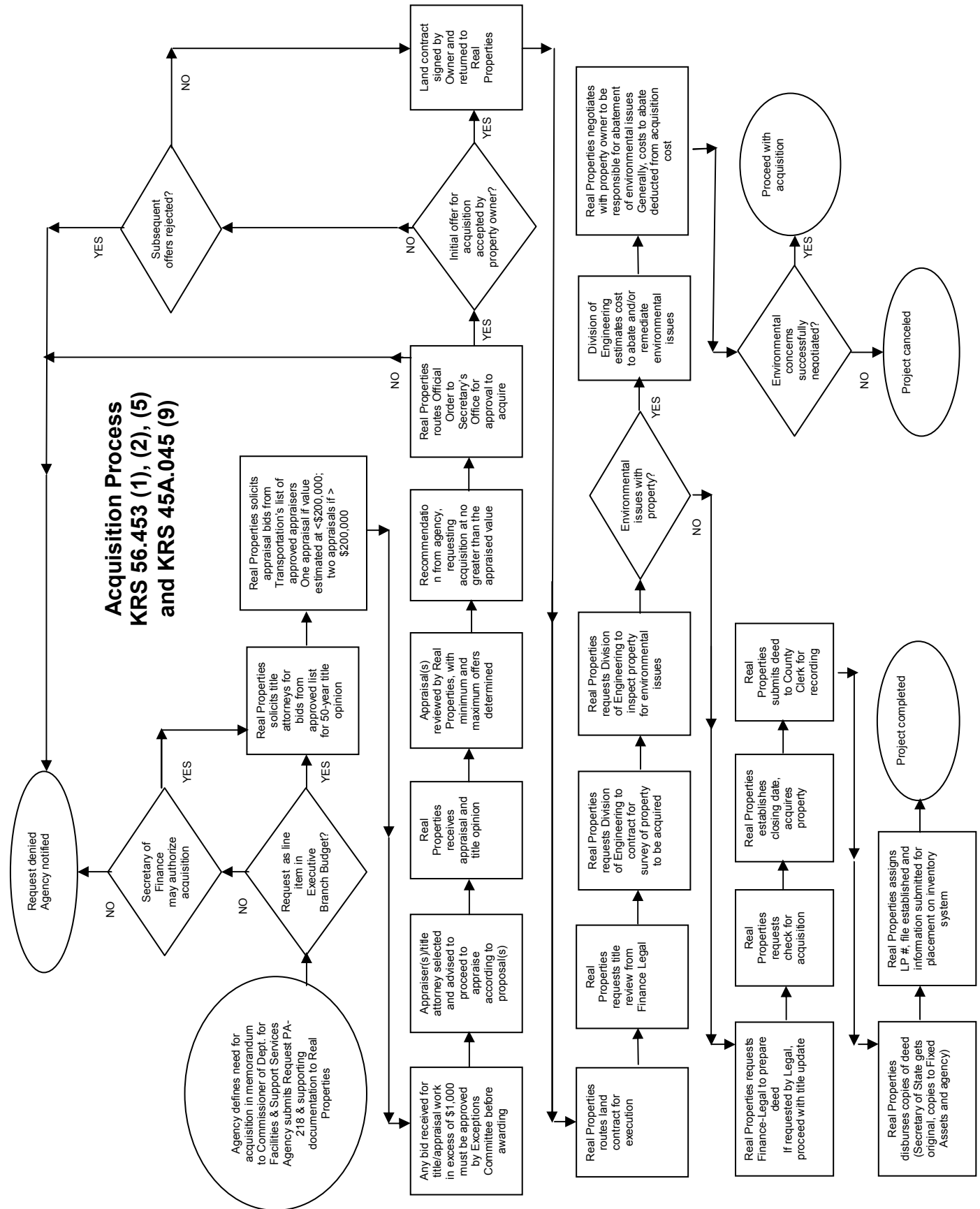
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Appendix A



Appendix B

The Land Stewardship and Conservation Task Force directed Legislative Research Commission staff to conduct a written survey of agencies, programs, and nonprofit organizations to ascertain how much land each entity currently had enrolled and how much land had been identified for purchase. The survey respondents also included the estimated cost of the land identified for purchase. The results from the responses received by Legislative Research Commission staff are presented in the table below.

**Total Acreage Owned or Controlled by Various Entities
 (as of 2007)**

State Agency Name	Total Agency Acreage to Date	Acreage Identified for Purchase	Estimated Cost of Acreage for Purchase
Division of Conservation	402,897	n/a	n/a
Division of Forestry	37,696	7,800	22,000,000
Kentucky Department of Fish and Wildlife Resources	1,000,000	84,646	46,500,000
Department of Parks	58,413	n/a	n/a
Heritage Land Conservation Fund	27,998	n/a	29,093,858
Kentucky Nature Preserves Commission	24,506	1,345	611,200
Purchase of Agricultural Conservation Easements	25,146	126,105	100,000,000
Wild Rivers Program	2,450	675	750,000

Appendix C

The Land Stewardship and Conservation Task Force directed Legislative Research Commission staff to conduct a written survey of agencies, programs, and nonprofit organizations to ascertain the type of land each entity had identified for purchase and the number of acres. The survey respondents also included the estimated cost of the land identified for purchase. The results from the responses received by LRC staff are presented in the table below.

Parcels Identified by Agencies for Acquisition

County	Description	Acreage	Est. Cost
Division of Forestry			
Metcalfe	Hardwood forest	2,100	\$2.8 m
Henderson	Bottomland forest	1,400	\$2.8 m
Henderson	Bottomland forest	4,000	\$9.8 m
Bullitt	Hardwood forest	1,600	\$5.3 m
Jefferson	Walnut plantation	112	\$1.3 m
Kentucky Department of Fish and Wildlife Resources			
Metcalfe	Forest	1,000	\$1 m
Fleming	Woodland	556	\$668 k
Henderson	Bottomland	770	\$770 k
Scott	Woodland	2,000	\$9 m
Knox/Bell	Woodland	54,000	\$20 m
Elliot	Forest	1,000	\$2 m
Marion	Woodland	3,500	\$5 m
Muhlenberg	Woodland	2,000	\$2 m
Fleming	Woodland	800	\$800 k
Carter	Woodland	4,000	\$5 m
Martin	Woodland	5,000	Access
Harlan/Bell	Woodland	10,000	Access
Kentucky State Nature Preserves Commission			
Harlan	Forest/Mountain	51	\$61.2 k
Woodford	Wetland/rare plant	30	Donated land
Fleming	Forest/glade	535	\$550 k
Purchase of Agricultural Conservation Easements Program	n/a	n/a	n/a
Wild Rivers Program			
Pulaski	Forest	450	\$550 k
Harlan	Forest	220	\$200 k

Appendix D

The Land Stewardship and Conservation Task Force directed Legislative Research Commission staff to conduct a written survey of agencies, programs, and nonprofit organizations to ascertain how much land each entity currently had enrolled and how much land had been identified for purchase. The survey also included an opportunity for these groups to write comments. The results from the responses received by Legislative Research Commission staff are presented in the table below.

Agency Policy Comments and Recommendations

Division of Conservation	Need long-term dedicated funding for easements and acquisitions for leveraging; streamline acquisition process; need consolidated program data for acquisition decision making; support existing programs rather than create new ones.
Division of Forestry	Need funding for land acquisition and leveraging; landowners want to sell quickly; acquisition process too long and complex and sellers get frustrated; lack of funding for land management; new preservation challenges need policy responses to ensure adequate management.
Kentucky Department of Fish and Wildlife Resources	Funding inadequate; legislation for tax credits; recreational use conflicts because of insufficient public land availability; need landowner incentive programs for public access; inventory public lands for recreational use.
Heritage Land Conservation Fund	Not enough funds for requests; Heritage Land Conservation Fund for local and university funding not sufficient; need statewide inventory based on biodiversity, ecosystems, soils; more education of public.
Kentucky State Nature Preserves Commission	Insufficient funding for acquisition; acquisition process too slow and cumbersome; price offering too low to encourage sellers; scarcity of high-quality natural areas; public awareness campaign; need transferable tax credits for easements and donations; more heritage land funds; designate proportion of funding for management; statewide plan; statewide inventory for high-quality land and rare species; build conservation Web site; master naturalist corps.
Wild Rivers Program	Acquisition process too long and sellers won't wait; cannot offer asking prices to entice landowners; simplify acquisition process; change purchase guidelines to pay higher-than-appraised value for high-priority tracts.

Appendix D (continued)
Agency Policy Comments and Recommendations

Kentucky Woodland Owners Association	Reform property tax structure to encourage private forest landowners to implement stewardship plans; funding for support of high-quality timber stands; funding for ecosystem management and other benefits; inheritance tax reform for woodland owners; public access tax credits; carbon sequestration incentives; support complementary wood products industry.
Kentucky Farm Bureau	Expand existing funding and seek new funding; programs must be voluntary; easements should disallow public access.
Kentucky Home Builders Association	Private fund raising for conservation; public monies should be used to acquire green space for public use not without access; local government adopt planning and zoning and permitting requirements for construction; comprehensive long-range planning.
Kentucky Resources Council	Need more funding for acquisition; promote easement programs; establish private forest certification programs; use other sources of finance such as bonding, stamp tax, transfer tax, taxes from cigarette, lottery, drilling fees for conservation finance; more positions in Finance and Administration Cabinet, Division of Real Properties.
Kentuckians for the Commonwealth	All counties should benefit from conservation programs, however, special consideration should be given to acquisitions in counties impacted by coal extraction; local governments should become more active in land acquisition; need more public input in land acquisition project selection and non-governmental appointments to decision-making bodies; need land acquisitions to protect aquatic resources; need a progressive tax to fund land conservation.
Oldham County	Land prices too high for purchase; weak tax base for conservation funding.
Sierra Club	Fragmentation of ecosystems needs to be addressed by conservation policy; control urban sprawl and urbanization of agricultural lands; control development of forestland.