



**House Agriculture and Rural Affairs Committee  
Informational Meeting on Forestry Conservation Easements  
Secretary Cindy Adams Dunn  
Department of Conservation and Natural Resources  
March 26, 2018**

Chairman Causer, Chairman Pashinski, and members of the House Agriculture and Rural Affairs Committee. I want to thank you for this opportunity today to discuss an exciting partnership project of which we are part.

I understand there have been some questions and confusion over the project, and we appreciate the opportunity to share what we've been doing and to answer any questions you might have.

First, a little background. Parcelization and changing ownerships of large tracts of working forests are significant issues facing the future of the Northern tier and the wood products industry. It is also affecting rural communities and jobs.

We often take for granted that the Northern tier will be forested forever, but we are seeing major changes as large land-holdings once held by paper companies, water authorities and timber management investors come on the market. In certain cases, where large core parcels are sold and subdivided, the shift can create a patchwork which compromises working forests. We are currently working with a private foundation to map and document these changes in ownership to better tell the story of forestland ownership, which is still 70 percent *privately* owned in Pennsylvania.

In 2015, Governor Wolf – who knows the lumber business – asked me to figure out how to help create new good-paying jobs for Pennsylvanians in the wood products industry, and in the process, incentivize forest conservation. We assembled a Green Ribbon Task Force on forest conservation, products and jobs, which identified the development of a statewide forest conservation easement program as its number one recommendation in the *Woods that Work* October 2016 report.

The task force was made up of 35 members from the forest products industry – many business owners in fact – along with academics and nonprofit members. These included the PA Forest Products Association, Lewis Lumber, Domtar, Woodmode Cabinets, The Nature Conservancy, Penn State's Goddard Chair, and many more. Some group members continue to meet to help implement the report's 15 recommendations. Many recommendations – like raising the PILT and helping the Allegheny National Forest enact a Good Neighbor Agreement – are already completed.

The model we settled on as a task force represents a new concept for the department, which may be utilized in certain appropriate contexts. Instead of purchasing land in full, we developed a conservation easement model where we don't buy the land – or the timber – but we purchase a conservation easement to prevent fragmentation of the lands and allow public access.

Conservation easements are attractive because the conserved tracts of land remain in private hands and on the local tax rolls. Easements can also preserve access for sustainable timbering and other forest-dependent activities that support good jobs. We can provide more recreation to the public, more opportunities for hunting, more protection for wildlife, but only pay one-third of the cost of full purchase – this is a great deal for the taxpayer.

DCNR and task force partners are working to establish a statewide fund to support forest conservation through permanent easements, something like the popular Dept of Agriculture's Farmland Preservation Program. It was during this time when Lyme Timber, a U.S. based timber management company, approached Pennsylvania agencies and nonprofits with the same basic easement model. As a result, the Lyme proposal became a pilot test case.

PENNVEST's state revolving loan funding allows for land purchase to help protect water quality – it's in their regulations for the program, and is a model that has been used successfully in neighboring states, including Ohio, New York, and Virginia.

In October 2017, and again in January 2018, PENNVEST awarded low-interest loans totaling \$50M to Lyme Timber for the purchase of 60,000 private forested acres in three counties in Pennsylvania's Northern tier. Lyme matched this amount with at least twice as much private capital.

Lyme will pay back the PENNVEST loan through sustainable timber harvest, and provided PENNVEST with a business plan showing the stocking rates of standing hardwoods (primarily cherry) that have been under-harvested as timber prices fell during the 2008-2009 Great Recession.

The interest rate provided was 1 percent for 20 years, which made the rest of the project possible. Since Lyme Timber is a for-profit corporation, it has to find a way to not only pay back the loan but generate some return for shareholders. The low-interest loan gives them the margin to do all this and to conduct additional work to improve water quality.

- As part of the project, Lyme will be donating a 9,550-acre easement. The remaining acreage will also have the option for purchased easements. (Lyme Timber will retain ownership of the land.)
- Lyme will spend \$700,000 to address acid mine drainage pollution in one of the watersheds being conserved, and will enroll all acres in a third-party sustainable certification program for managing timber harvest and other activities.
- Lyme is working to rehire many who have worked on these lands previously, thereby maintaining good jobs and contributing to the area economy.
- Bottom line: this project not only protects water quality and preserves our state's working forests, but it does so by keeping the land in private hands and on the tax roll. It is a win-win scenario.

Protecting large acreages of forest is more cost-effective for safeguarding streams and drinking water than after-the-fact treatment, and the cleanest water comes from forested lands.

The conservation easement also will allow us to provide public access to these lands, a very appropriate use of public funds.

Thank you again, and I'm happy to answer any questions you might have.