

Pingree Associates, Inc.

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Testimony Before US Senate Finance Committee

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Chairman Baucus, Senator Grassley, Senator Snowe and other members of the Senate Finance Committee:

My name is Steve Schley of Bangor, Maine. I work for and represent a seven generations old family ownership of Maine timberlands that started in 1840. This spring, we closed on the sale of the largest forest conservation easement in US history. Its purpose, as described in the easement document, is “to maintain the Property forever in its present and historic primarily undeveloped condition as a working forest, and to conserve and/or enhance forest and wildlife habitats, shoreline protection, and historic public recreation opportunities on the Property for present and future generations.” Our 762,000 acre project protects wetlands, endangered species and other wildlife habitat of statewide importance, sensitive high mountain and riparian zone areas, and prohibits all development not associated with ongoing sustainable forest management. Our easement enables the ownership to continue supporting Maine’s forest products sector that amounts to 18% of the states GDP while participating in Maine’s multiple use management tradition by keeping these private lands productive for wildlife, wood products and recreation. By supporting the economy and ecology of Maine, our project benefits all residents and visitors.

We crafted our easement to ensure future generations of landowners and workers will benefit from continued forest management and the incredible array of jobs, goods and services forest management provides. The lands currently support approximately 500 jobs on the land and in the mills that receive Pingree wood. Many more people make their living by providing remote recreational opportunities to a public increasingly removed from the land. Trees are America’s renewable resource. Well-managed working forests can provide the owner and public with the prime ingredients for healthy living; clean air and water, diverse wildlife habitat, recreational uses, and economic returns through sustainable management of a renewable natural resource.

We call our project the Pingree Forest Partnership. It encompasses and protects 2,000 miles of river frontage, 215 miles of lake and pond frontage, 67 State of Maine designated rare and endangered plant sites, and over 1,180 square miles in total. Frontage on nationally recognized rivers including the St. John and Kennebago are forever protected from development. Sporting camp visitation opportunities, a staple of

those enjoying Maine's remote lands for hunting, fishing and general recreation are protected into the future. Our easement project received support from organizations as diverse as the Maine AFL-CIO, Maine State Chamber of Commerce and the Ruffed Grouse Society.

Every landowner has different motivations and rationale for considering the use of easements. We needed a solution that would ensure long-term protection of our forestland while simultaneously providing immediate economic returns and relief from estate taxes. Federal tax policy should support any and all efforts so long as the land is protected from the natural resources degradation inherent in fragmentation and sprawl. Flying into this city and witnessing the incredibly destructive process of carving up productive farmland to grow houses is testimony toward the public good that would come from providing incentives to landowners for protecting high quality land as green space.

The form and function of our ownership has evolved over 140 years through ever-changing tax law and realities of probate. Because of current fiduciary and tax law reasons, we were unable to use tax incentives to strengthen our project. When we started our project, tax law suggested remote lands were not worthy of protection. I complement the efforts some of you made to change that rule. I recommend *River Song*, by Joe and Monica Cook, published in 2000 by the University of Alabama Press for your consideration. The beautiful coffee table book is an account of the couple's trip down the Chattahoochee River. The developmental changes it describes as having already occurred in Georgia are pushing their way into Maine's "wildlands" and other areas around the country.

The tax treatment concepts you are considering today will be vitally important to future landowner consideration of projects like ours. Most landowners do not operate at our landscape type scale or with the economic and other efficiencies size creates. Tax incentives would help them clear and smooth what is inevitably a difficult path. Green space preservation easements are forever and, therefore, very difficult to commit to without recognizable benefits for the landowner.

We picked the perfect private partner for our transaction. The New England Forestry Foundation's mission is to provide for the conservation and ecologically sound management of privately held forests for the benefit of present and future generations. Few land trusts share their nationally important mission of conserving the working landscape for ranchers, forest landowners and farmers all looking for solutions toward long-term land conservation. NEFF worked with our needs, abandoned traditional easement trappings and together we crafted a project that protects some of Maine's finest natural resources forever. We had and took the time, and used the necessary legal and other expertise to do the job right. It took us three years to develop satisfactory easement language. We spent considerable time determining which acres should be protected from development. We worked with our easement partner ahead of time to clearly identify goals and objectives for the property and document everything so there won't be surprises in the future.

Families all over the United States have managed and protected some of this great country's most remarkable real estate. Most families, however, are struggling with how to pass their lands on while maintaining the land's natural resource character. Parts of the tax code work against their efforts. The concepts you are considering would certainly encourage those landowners heretofore unwilling to engage in the necessary machinations to consider the permanent stewardship legacy an easement can create.

Flexibility is the key. The public good is achieved when land is protected as green space; growing crops, gardens or trees instead of condominiums. I urge you to avoid detailed and prescriptive parameters. Instead, describe desired green space outcomes and let the landowners determine how they can work to meet broad objectives. All landowner's goals and objectives are different. Incentives directed toward protecting natural resources must adapt to each situation. Bureaucratic inflexibility is why we chose to keep our transaction between private parties and not involve governmental agencies. In every day regulatory matters, I am forced to spend way too much time explaining for bureaucrats how every acre is different and one size never fits all.

Easements can be a great tool but they are forever and many families are reluctant to permanently speak for and commit future generations of owners. Recognize and encourage good stewardship and reward those owners willing to protect the public good inherent in green space. Provide incentives to that majority of landowners trying to do the right thing who may not have the resources, tools or partners to accomplish sound stewardship goals. Thank you for your consideration and efforts.

Sincerely,

Stephen W. Schley, President
Pingree Associates, Inc.

STEPHEN W. SCHLEY

Born in Columbus, Georgia, educated at Vanderbilt University in Nashville, TN, and lives in Bangor, Maine. Has served as an officer of Pingree Associates, Inc. since September of 1985 and President since August of 1989. Married with two children.

Serves on numerous forestry related state and national Boards including university affiliations. Focus on state and national forest policy.

Active in the local community. Serves on numerous Boards including the YWCA, Maine Discovery (Children's) Museum, Boy Scouts and local economic development associations.