

Testimony of Mr. Rock Ringling
Managing Director, Montana Land Reliance
Before the United States Senate Committee on Finance
Tuesday, June 22, 2004

MR. CHAIRMAN and members of the Senate Finance Committee I appreciate the opportunity to share with you my perspective as a Managing Director of The Montana Land Reliance on the future direction of the conservation easement program.

In my limited time this morning, I would like to accomplish three things.

First, I would like to give you a brief introduction to The Montana Land Reliance, our mission and our values.

Second, I would like to share with you some of my views regarding the potential for reform that would both protect taxpayers and put this program within reach of average farm and ranch households in America.

And third, I would like to answer any questions you may have in this regard.

The Montana Land Reliance was founded by a group of forward-thinking Montanans in 1978. Today, some 26 years later, the mission of our organization remains the same as when it began – to provide protection for private lands that are ecologically significant for agricultural production, fish and wildlife habitat and open space.

In those 26 years, Montana private landowners have protected the unique Montana heritage of 537,000 acres. To put that in perspective, even though we restrict ourselves to working only with Montana landowners, The Montana Land Reliance holds an estimated 15% of the easement acreage granted to local and regional land trusts in the United States.

We accomplish this work through a strict adherence to a number of important principles.

First, we have a strong, independent Board of Directors, two of whom have testified before this committee. The Board has hands-on oversight over organizational policy and takes an active role in reviewing easement agreements.

Second, we have as an operating policy a strict adherence to accounting and legal standards. In addition to adopting the national standards and practices developed by the Land Trust Alliance, we have in place a set of policies that constitute what we believe to be a conservative but appropriate approach to proper utilization of the conservation easement program.

Third, we create a personal relationship with each easement donor. This allows us to understand their motivation for wanting to join with us in creating an easement agreement and to determine how best to craft an agreement that meets their objectives as property owners, that is in keeping with the public benefit requirements of the conservation easement law and is consistent with our mission at The Montana Land Reliance.

Mr. Chairman, these operational values are at the core of everything we do at The Montana Land Reliance and I believe similar values are at the core of the work done by the vast majority of our fellow members of the land trust community in your states and throughout America.

Before I close, I would like to take just a moment to discuss potential reforms to the conservation easement system.

As you know, we have engaged very directly in this discussion with committee staff and we hope our observations have been helpful.

We believe there are a number of reforms you can enact that would help protect the integrity of the conservation easement program. Let me touch on a few.

First, encouraging land trusts to meet accreditation standards would be a step forward and can be done without creating additional bureaucracy. In Montana, we have taken the initiative by putting together a Montana Association of Land Trusts that will provide independent oversight and accreditation for Montana's land trust community.

Second, requiring that appraisals meet uniform, national requirements could be a useful tool as long as the proper standard is determined. More specifically, mandating the use of Uniform Standards of Professional Appraisal Practice would, we believe, be an appropriate reform.

Third, making it easier for the IRS to review easement donations is consistent with current Montana Land Reliance policy. As a matter of practice, we recommend landowners attach the easement agreement, the appraisal and a letter from the land trust detailing the public benefit of the easement. Codifying this practice would, in our view, make good sense.

Fourth, increasing existing fines and penalties will be of no concern to most land trusts like ours who already insist on the highest legal and accounting standards.

Last, I want to touch on what we believe is the most important reform, which is to level the playing field in the conservation easement arena. For the past three years, The Montana Land Reliance has been proud to work with Chairman Grassley, Senator Baucus and over 200 endorsing land trusts in proposing legislation to allow working farmers and ranchers equal access to the conservation easement program.

This legislation, S. 701, passed by this Committee last year as part of the CARE act, would help remove inherent inequities in the current system that favor landowners with high personal incomes over the bulk of working farmers and ranchers in America for whom the current system does not work.

Mr. Chairman, we are proud to be a part of the land trust community and are honored to have been asked to visit with you today. We believe that by leveling the playing field through passage of S. 701, and by consideration of additional technical reforms, the current, successful conservation easement program in America can be improved to work better for all of us. We at The Montana Land Reliance and in the land trust community stand ready to work closely with you and this committee in that important work.

Thank you.