

**Parcelization and Forest Fragmentation Roundtable**  
**Convened by the Vermont Natural Resources Council**  
**October 18, 2006**  
**Meeting Summary**

**Meeting Participants:** Todd Barker, Jason Benoit, David Birdsall, Michelle Boomhower, Deb Brighton, Greta Brunswick, Rich Carbonetti, Marta Ceroni, Cindy Cook (Facilitator), **Jad Daley, Ed Delhagen, Don Dennis, Jamey Fidel, Erhard Frost, Ken Gagnon, Bill Johnson, Bill Keaton, Melanie Kehne, Tom Kennedy, Leo Laferriere, Ed Larson, Lynne Levine, Hugo Liepman, Jessica Massonari, Jens Milke, Meg Mitchell, David Paganelli, Carl Powden, John Roe, Lisa Sausville, Jeff Smith, Eric Sorenson, and George Weir**

**Welcome**

Elizabeth Courtney, Executive Director of VNRC welcomed participants, and noted that it's wonderful to have a diverse group addressing the issue of forest fragmentation holistically.

**Website**

The roundtable website –[www.vnrc.org](http://www.vnrc.org), then click on “Vermont Forest Roundtable”—is now up.

**Vermont's Housing Market**

Jamey distributed written remarks by Phil Dodd. These remarks will be posted on the roundtable's website.

**Property Tax Policy and the Current Use Program**

Bill Johnson, State Director of Property Valuation and Review described the Current Use Program. His office provides technical assistance to listers in mapping and land appraisals. Site valuation is a fairly objective process, based upon the “highest and best use”—usually residential.

Deb Brighton noted that land valuation is not based on income potential. When the Current Use Program was established, the idea was to tax land based upon its current useage, with the assumption that for forest land, the only value flowing from the land was timber.

Many people believe that towns bear the cost of the Current Use Program, but this is not the case. The cost of the program is spread across all Vermont property owners. The state calculates the difference between the taxes on the Use Value appraisal and the taxes on a property's highest and best use, and reimburses the town for the difference between the two.

Ed Larson noted that the program costs about \$9million per year. **I'm not sure I got this right...** This is about the same level as in 1990.

Deb observed that the penalty for withdrawing from the program only applies to the part of a parcel that is withdrawn, not the entire parcel. This means that the a property owner can

enroll in the program, then choose to develop a part of the parcel, within as little as two years, and still break even w/ respect taxes. People noted that the public tends to think that Current Use penalties are much higher than they actually are. This misconception may prevent some land from being withdrawn from the program. But there was agreement that the program's penalties are ineffective.

Tom commented that the current system leads to second home speculation, and that we ought to look at a basis other than highest and best use for property taxation. Others noted that if land is valued based on its existing use, holding costs are reduced, but development is not necessarily prevented. Tom suggested considering taxing the sale of land—perhaps a system similar to California's.

Marta commented that the system ought to take into account the lower demand for state and municipal services associated with land in Current Use. The cost of providing these services increases as development levels increase, at a rate higher than the rate at which the tax base increases from the same development.

David commented that the Current Use Program is designed to mitigate the effects of property taxes, and that perhaps the group ought to consider proposing a way to reduce Vermont's dependence on the property taxes as a source of revenue. Others noted that shifting to other tax systems would reduce Vermont's income from out-of-staters, and that it might have other, unintended consequences, including perhaps even increasing land speculation.

### **Overview of Other States' Use Value Appraisal Programs**

Jamey presented an overview of other states' use value programs. His presentation is posted on the roundtable's website.

### **Forest Sustainability**

Brian Stone noted that approximately 13,000 parcels, totaling about 3.7 million acres—35% of the eligible forest land—in Vermont is enrolled in Current Use. Brian and 13 County Foresters administer the program. Clearly, with such limited staff, it isn't possible to visit each of the 13,000 enrolled parcels once every five years, as is intended. There was general agreement that the program has insufficient resources for administration.

Many commented that Current Use is very effective as an educational tool, and as a means to increase land stewardship. Because of Current Use, many property owners manage their land for forest products who otherwise would be unlikely to do so.

### **National Dialogue on Forest Lands and Taxation**

Todd Barker of the Meridian Institute presented an overview of Meridian's national dialogue on forest lands and taxation. His presentation is posted on the roundtable's website.

### **Long Term Vision and the Current Use Program**

Don Dennis, Marta Ceroni and Jessica Massanari discussed their studies of the Current Use program. Don noted that larger forested parcels are more likely to be enrolled in the program than are smaller parcels. He noted that the higher the educational level of a property owner, the more likely that a parcel will be enrolled in the program.

Marta discussed the need to redefine “forest productivity” to include services and public benefits that flow from forested land that we do not currently have a way to ascribe value.

The group agreed that it makes sense to “work the issue from both ends” by providing for growth while also determining what areas and values should be protected.

### **Discussion**

Themes that emerges from our discussion:

- ▶ We need a compelling and consistently communicated message regarding the public benefits of forest land.
- ▶ We need ways to recognize the true value of forest lands – values that are not captured using traditional appraisal techniques.
- ▶ Use community forests as educational vehicles.
- ▶ Consider both the short and long term effects of tax policies.
- ▶ Understand that significant changes to the Current Use Program might have unintended consequences.
- ▶ Expand the support for Current Use by increasing understanding of the values that the program protects.
- ▶ The Current Use Program’s penalties are not an effective deterrent to development, though the penalties may slow large scale development.
- ▶ Consider using the tool of municipal forest zoning that is already available under Chapter 117.
- ▶ Remove the link between education funding and property taxes.
- ▶ Shift the current incentives to manage land to the income tax program.
- ▶ Carrots are more effective than sticks.
- ▶ Collaborate with other Current Use supporters, and with listers.
- ▶ Without Current Use, parcelization would increase.
- ▶ We need more discussion regarding the rights and responsibilities inherent in ecosystem services.
- ▶ Need data re the benefits of Current Use
- ▶ Tax incentives cannot do the whole job of preventing parcelization.
- ▶ Look at easements and public acquisitions broadly as a means to protect public benefits of forest land.
- ▶ How do we fill the gap between Current Use and easements, in terms of ways to protect public benefits of forest land?
- ▶ Increase support for green certification programs.
- ▶ Increase education for “at risk” properties.

- ▶ Farm bill collaboration.
- ▶ Look at sustainability of forest lands—forest health, invasive species.
- ▶ Make forest land ownership sustainable.
- ▶ Increase education re the environmental impacts of scattered development.

**Next Meeting**

The next Roundtable meeting will be on November 16 in Randolph.

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