

Testimony Submitted to the United States Senate Committee on Agriculture, Nutrition and Forestry

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In partnership with the

**Food and Farming Network of the Grand Vision-
Grand Traverse Bay Region, NW Lower Michigan**

and

**Heart of the Lakes Center for Land Conservation Policy (HOL)
Grand Ledge, Michigan**

In solidarity with

**The Land Trust Alliance (LTA)
and American Farmland Trust (AFT)**

For the

2012 Farm Bill Hearing: Strengthening Conservation Through the 2012 Farm Bill

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Thank you, Chairwoman Stabenow, Ranking Member Roberts and members of the committee, for the opportunity to provide written testimony regarding the Farm Bill's Conservation Title and the critical role it plays in providing our nation's farm families and businesses with the crucial financial and technical tools they need to preserve and protect our nation's working lands and associated natural resources while insuring these assets remain available for America's future.

First, let me commend you and your colleagues in the US House Committee on Agriculture for your collaborative, expeditious and thoughtful work in providing recommendations from your Committee to the Joint Select Committee on Deficit Reduction. It was not without notice to our friends and colleagues in the state and national conservation community that your Committee alone heeded the call for proactive collaboration toward reasonable funding reductions through the 2012 Farm Bill to address our nation's debt. *We feel strongly that the framework for the Conservation Title programs most critical to us and our partners throughout Michigan and the country were thoughtfully addressed in those recommendations and we sincerely hope that framework will provide the foundation for the further development of the Conservation Title.*

The Grand Traverse Regional Land Conservancy (GTRLC) is a 501(c)3 land trust organization founded in 1991 with the following mission: *Protecting Significant Natural, Scenic and Farm Lands, and Advancing Stewardship, Now and for All Future Generations.* Our service area includes Grand Traverse, Antrim, Kalkaska, Benzie and Manistee Counties in the Northwest Lower Peninsula of Michigan along the shore of Lake Michigan and its Grand Traverse Bay. This last summer we celebrated our 20th Anniversary and the protection of more than 35,500 acres of land and 113 miles of shoreline through the ownership of

33 nature preserves and 208 conservation easements held by our organization. A significant portion of those land protection efforts were done in collaboration with local units of government in our service area as well as the State of Michigan. Of the 208 conservation easements that we hold, more than 60 of them are agricultural conservation easements protecting over 1,600 acres of farmland. Working in partnership with the local farmland preservation programs in Peninsula Township on the Old Mission Peninsula as well as Acme Township on the eastern shore of the Lake Michigan's East Arm of Grand Traverse Bay, that total rises to over 5,000 acres of permanently protected farmland. Coupled with the robust farmland preservation program of the Leelanau Conservancy, the total of protected farmland in the Grand Traverse Bay region is well over 7,500 acres.

We submit this testimony in collaboration with the Food and Farming Network of the Grand Vision, a 6-county regional farm system support network established in 2008. At this organization's annual gathering last week, the Network adopted as its primary federal policy platform wholehearted support for the 2012 Farm Bill framework contained in our recommendations to the "Super Committee." We also speak on behalf of all of our state's land trusts through Heart of the Lakes Center for Land Conservation Policy, a statewide organization dedicated to promoting land conservation policy that advances the collective mission of land conservancies throughout the state. Our federal advocacy work is undertaken in solidarity with the Land Trust Alliance and American Farmland Trust, national membership and advocacy organizations that work to advance the goals of all of our nation's land trusts and farmland conservation programs.

At GTRLC, we are fortunate to have two local government partners in our farmland preservation work, each with dedicated local property tax revenue dedicated to the cause through initiatives of their respective voters. The farmland preservation program in Peninsula Township, established in 1994, is the oldest local-level farmland preservation program in the entire Great Lakes Region. Acme Township's program is one of the newer local programs in the region. In a report on the status of Peninsula Township's program in 2008, Dr. Tom Daniels of the University of Pennsylvania, a widely recognized expert on farmland preservation, characterized the program in Peninsula Township as "one of the most successful township-level land preservation programs in the United States." With nearly half of all active farmland in the township protected by agricultural conservation easements, this program has established a thriving long-term business environment for agriculture with a continuous stream of on-farm and new business investment and successful transition of farmland to the next generation of family farm operators and beginning farmers. Acme Township's program is headed toward the same level of success with nearly all of the township's farming families now officially requesting an opportunity to sell an agricultural conservation easement on their land.

The programs in this area of Michigan are located in the "West Michigan Fruitbelt," which has been identified by American Farmland Trust as one of the nation's most threatened agricultural regions in their landmark 2002 "Farming on the Edge" report. The collective and collaborative efforts in our region have protected considerable prime and unique farmland, including farmland that is globally unique by virtue of its location in the micro-climate made possible by the influence of Lake Michigan. This micro-climate uniquely allows for the production of stone fruits such as red tart cherries and, increasingly, nationally award winning viticulture. For nearly 100 years, Traverse City has been heralded as the

“Cherry Capital of the World” and is home to the National Cherry Festival – our country’s oldest national harvest festival. The success of the farmland preservation programs in our region has served as inspiration for a host of other programs, such as the Ann Arbor Greenbelt Program. This program involves a partnership between the City of Ann Arbor and surrounding townships to protect the rich farmland surrounding the city as well as the rural character and quality of life these resources bring the area’s residents and businesses alike. More than two dozen additional programs have taken hold in the state over the last several years, with 16 actively purchasing conservation easements on farmland, but with requests for funding consistently far exceeding funding available. More and more these communities are electing to tax themselves to generate revenue to purchase conservation easements on working lands and thereby secure a long-term business environment for agriculture in their areas of the state and secure the ancillary benefits these lands provide to the state’s thriving tourism industry as well as the rural character that makes these communities attractive areas for people to live and work. *All of these programs, as well as the State of Michigan’s own Farmland Preservation Program, have benefited enormously from the funds made available since 1996 through the Farm Bill’s Farm and Ranchland Protection Program (FRPP).* From the program’s advent in 1996 through 2010 \$23.4 million in matching funds was allocated to the State of Michigan through the FRPP program. Those funds leveraged more than \$42.9 million additional funds in entity-match and landowner donations, and permanently and strategically protected nearly 12,000 acres of farmland in the state. Clearly, with nearly a 2:1 match for every federal dollar, the program has been tremendously successful in garnering additional financial support. While we appreciate and readily support the host of conservation programs contained in the Farm Bill, we elect to contain this testimony to the working lands conservation easement programs currently prominent in the 2008 Farm Bill – primarily FRPP as well as the permanent easement purchases inherent in the Grasslands Reserve Program (GSP).

These programs are addressing a critical issue vital to the economy of the State of Michigan as well as our nation. *According to the National Resource Inventory, from 1982 to 2007, our country lost more than 23 million acres of farmland – an area the size of the state of Indiana. During the same period, Michigan alone lost more than 720,000 acres of farmland, with a disproportionate amount of farmland loss in those areas of the state best suited for fruit and vegetable production.* Michigan’s agri-business economy is estimated at over \$70 billion dollars annually, with one in four jobs in the state related to agriculture. Then US food and farming system contributes more than \$1 trillion dollars to our national economy – more than 13 percent of GDP – and employs 17% of our workforce. Senator Stabenow and others are right to characterize the Farm Bill as a “jobs” bill, and the working lands easements made possible through the Farm Bill are critical agricultural business investment tools.

The statistics regarding farmland loss and the impact of agriculture in Michigan and to the country are startling and all too often missing from our national discourse. It is tempting in our farmland preservation work to get preoccupied with dollar signs and acreage goals, and while those totals tell a significant story of success, they do not adequately address the underlying challenges our nation is facing regarding the advancing age of our farmers and the pending intergeneration transfer of wealth of the “baby boomer” generation. For our farm families, that wealth is largely tied up in their farmland. *Without the tools needed to transfer these critical working lands into the hands of our next generation of farmers and farm families, these lands are at tremendous risk of conversion to non-agricultural uses,*

threatening our nation's food security and our regional economies. At the Grand Traverse Regional Land Conservancy, and with our state and national partners, the vast majority of all farmland preservation projects that are being undertaken are addressing this transfer of land to the next generation in the family or to a beginning farmer, and produce capital that is directly re-invested into the local and regional farm economy. The solutions made possible through opportunities to sell an agricultural conservation easement (infusion of capital, reduction in the base land cost, debt retirement opportunities etc.) on a family's farmland provide a much richer and more compelling narrative that should not be lost on your committee and the fundamental tools you can provide.

Transfer of the Family Farm

In Peninsula Township, where land prices have escalated tremendously over the last 20 years, the Edmondson family took quick advantage of the opportunity to sell agricultural easements through the township's farmland preservation program with matching funds from the Farm and Ranchland Protection Program. Over the course of several years, the family elected to protect all of their farmland – several hundred acres - retaining only those residential rights to accommodate the family's future housing needs. When both Ms. and Mr. Edmondson passed away, the funds from these sales made it possible for the other children to be fairly treated in the settlement of the estate - all too frequently the missing vital element in enabling the family farm to remain in agricultural use - and the restricted farmland affordable for the son who managed their farms to continue the farm operations. With new capital through the easement sale, the family was also able to expand their operation by adding a local farm market that sells primarily fresh fruit on a main thoroughfare in downtown Traverse City capitalizing on residents, visitors, and a growing list of restaurateurs interested in buying locally sourced fruits and produce.

In Leelanau County, Gary and Christi Bardenhagen owned a 184-acre property that produces much-celebrated local strawberries that are sold at area markets along with cherries and blackberries.

Christi's great-grandfather, Johann Bremer, homesteaded the land in 1865. The Bardenhagen's son Steve, 38, who has now taken over the farm operation, is the fifth generation to work this hilly, beautiful land. Steve and his parents say they could not have made the generational transfer of land without the help of the Leelanau Conservancy and the matching funds from the Farm and Ranchland Protection Program allowing them to sell a permanent conservation easement which allowed for Gary and Christi's retirement while making the farm affordable for Steve to purchase it from his parents.

Steve, like Christi and Gary, had a professional life off the farm for some time, but ultimately wanted to return to run the family farm. "It's a win-win," Gary stated in an article published in the Leelanau Conservancy's newsletter and website, "We get income for our retirement and can now sell the land to Steve at a price per acre that he can afford and that will cash flow for him."

The Implications for our Agricultural Infrastructure

In anticipation of the reauthorization of the Farm Bill, we have received multiple letters of support for continuation of the FRPP program. Some of the most compelling support has come from our friends in the agricultural processing arena. Michigan has identified agricultural processing as a key economic development opportunity, but obviously, those investments are predicated on the long-term availability of raw product - fruit, vegetables or other agricultural crops.

In a letter from Shoreline Fruit LLC, one of the country's largest producers of dried cherries, headquartered here in Traverse City, the company delineated a critical nexus between preserved farmland and their company's investment strategy. Last winter, the company's primary drying facility was designated as an Agricultural Processing Renaissance Zone by the State of Michigan allowing for certain tax breaks in support of a planned expansion which will add another drier line and double their production. Currently the plant annually processes approximately 20 million pounds of red tart cherries. Based on average yields, that requires 5,000 acres of high quality red tart cherry producing farmland. With the pending expansion, that will rise to approximately 10,000 acres. Critical to the company's decision to undertake their expansion, and to do it here in Acme Township, a rural township east of Traverse City, was the number of acres of protected farmland suitable for fruit production in the area. In a letter to our organization this last summer, Ken Swanson, the company's CEO made the following statement, "An array of factors influence an agricultural processing expansion project like the one we have proposed but one factor I feel is important to note is the existence of significant local acreage under easement that will remain in productive agriculture." The Shoreline Fruit expansion project is projected to result in between 45 and 70 new jobs for our region. Already, the company has added 27 new jobs, and the physical expansion of the facility is not yet even underway.

In a letter from Peterson Farms, a family owned and operated fruit processing company located NW of the city of Grand Rapids in Michigan's "Fruit Ridge", prized for its prime apple producing lands, their President and CEO Aaron Peterson make the following observation, "The decision to make the long term investment in planting an orchard site is often weighed against the opportunity to sell the land for other uses. The FRPP program provides growers an alternative that in many cases helps keep the land in agricultural use. Several of the growers we work with have been and are currently involved in the program. On several of those farms we have seen growers invest in making additional plantings and/or replanting existing orchards. We have also noted generational transitions taking place that help to foster long term continuity of the operation. In particular areas of the Old Mission Peninsula, and now in the Acme area, the number of newly planted trees has increased substantially in the last few years. This is an indication that the fruit industry will continue into the future, and can be attributable in part to programs like FRPP. "

The Chief Operating Officer of Burnette Foods, headquartered in Elk Rapids, shared the following in a letter to me this past August, Burnette Foods "employs approximately 500 people working in four plants that are owned by the company and a fifth that is affiliated with the company. All five plants are located along the West side of Michigan producing pie filling, apple juices and sauces, green beans and other fruit and vegetable shelf stable products. The vast majority of what we produce starts with fruits and vegetables grown in Michigan. There is a huge advantage to our company when we have a grower base in close proximity to our plants. This gives us freight advantages and the ability to know firsthand the growers we purchase from. We are hopeful that in these times of difficult budget decisions, consideration will be given to maintaining, as best possible, funds to support protection of farm land as it is critical to our business, our growers, our customers and our employees. These funds protect jobs and support a critical industry in Michigan."

Priorities for Michigan and our Nation's Land Preservation Community

We wholeheartedly recommend and advocate for sustaining the efforts that began in the Committee's work on the *Recommendations to the to the Joint Select Committee on Deficit Reduction* and call on you

to embrace the thoughtful Farm Bill Conservation Policy Platforms of the Land Trust Alliance and American Farmland Trust.

In that urgent effort this fall, virtually unprecedented cooperation regarding the needed consolidation and identification of priority programs was reached by the leading conservation interests in Michigan and throughout the country. We are aware of the deficit reduction goals of Congress and are willing partners in an effort to streamline the “alphabet soup” of programs in a manner that achieves cost savings while creating program efficiencies. The consensus recommendations on the part of the farmland conservation interests in Michigan and as espoused by our key national organizational partners in the Land Trust Alliance and American Farmland Trust are as follows:

1) Maximize funding for perpetual working lands easements. A working lands easement program (which could be a combination of FRPP and GSP as anticipated in the Committee’s work this fall) needs to be fully authorized and funded at a minimum of the \$1 billion baseline for FRPP established in the 2008 Farm Bill. If the programs are combined, the \$1 billion baseline would include work on qualifying grassland projects that were formerly completed under GSP which had no baseline in the 2008 Farm Bill.

2) Retain a robust Wetlands Reserve Program. This program allows organizations such as ours to properly retire and restore lands once drained for farming use to their appropriate wetland functions that are critical to water quality and wildlife habitat.

3) Encourage the holding of easements by cooperating entities for all working lands easements, reducing upfront and long-term costs to the federal treasury. It would be far more cost-effective to achieve program goals through easements held by cooperating entities (like land trusts), for which USDA pays no more than 50% of the easement value and for which the cooperating entity takes responsibility for monitoring and stewardship of the easement.

4) Embrace Matching Funds Alternatives: Don’t limit landowner generosity – give landowners the option of donating easement value to fulfill the entire match requirement for NRCS funds. The current requirement for a cash match restricts the use of FRPP and GRP for many landowners and land trusts. State and/or private funds for conservation easement purchases are limited, or simply not available, in many states with great potential for landscape-scale conservation. We support a 50% match requirement, but believe that allowing it to be satisfied through the broadest possible match requirements affords NRCS the ability to better strategically target critically important productive lands.

5) Recognize state conservation tax credits as match for easement programs. While Michigan is not currently one of them, at least fourteen states offer tax credits for donations and bargain sales of conservation easements. Such credits help to leverage the federal investment in FRPP and GRP easements and represent a direct state investment in the transaction that should be recognized as a state match for NRCS dollars.

6) Restore Department of Defense’s ability to provide a match for conservation easement programs. Prior to the 2008 Farm Bill, funding from the Department of Defense (DoD) Readiness and Environmental Protection Initiative (REPI) provided a vitally important source of match for FRPP in numerous states, allowing cooperating entities to purchase conservation easements from farmers and ranchers whose lands also helped insulate military bases from encroaching

development. When the 2008 Farm Bill essentially converted FRPP into a grant program, it had the unintended consequence of disallowing use of these funds under the “no federal to federal match” rule. In many cases buffer funds served as the only source of match for cooperating entities. Its loss has effectively shut down use of FRPP in these areas.

7) Streamline the landowner application processes. FSA and NRCS now require multiple forms from landowners, some of which require the landowner to register with outside organizations. We hope the Farm Bill and the agencies will consider ways to simplify these requirements, which can be difficult to comply with, particularly for landowners without reliable Internet access and when NRCS and FSA are not set up to effectively help landowners complete the application.

8) Streamline appraisal practices. Appraisal reviews are essential to preventing abuse, but delays in agency appraisal reviews have been the single largest factor in slowing down FRPP projects. We support recent changes in the final rules, and hope that a new NRCS initiative of contracting with outside appraisal firms, will resolve this problem. Improving this area is key to shortening the time needed to close FRPP transactions. Further, fully implementing the “certified entity” rule and making simple appraisal monitoring provisions for nationally accredited land trusts and mature state and local farmland programs can further mitigate this challenge for completing projects.

9) If changes are made to project requirements in the new Farm Bill, every effort should be made to minimize the confusion and delays caused by having different projects proceeding under different rules and requirements. Because FRPP projects have taken so long to close, at one point FRPP projects were proceeding under at least three different sets of rules and requirements. Avoiding a repeat of this situation will be key to a successful bill. *A robust “certified entity” framework that shifts the program model to one that supplies matching funds for the program’s purpose and defers to the expertise of accredited land trusts and well-established farmland preservation programs can easily reduce the complexity of the program administration, provide for greater programmatic efficiencies and reduce the workload of the USDA NRCS in program administration.*

10) Allow reimbursement of transaction costs incurred by cooperating entities where it will enable important conservation. Landowners and cooperating entities have significant direct expenses, such as certified appraisals, surveys, environmental assessments, title searches, geologist reports, and legal fees. We suggest that cooperating entities be entitled to apply for reimbursement of such expenses up to 5% of the appraised value of the conservation easement.

11) Land trusts as well as state and local agencies should be able to be certified, but all land trusts should continue to be eligible for funding from Farm Bill easement programs. We appreciate the intent of certification to streamline processes for entities that have a demonstrated record of holding and administering easements, including land trusts accredited by the Land Trust Accreditation Commission or their state governments. It is important, however, to continue to allow land trusts and local governments that have not yet worked with NRCS to apply for and receive funding, so the program can expand to new areas.

12) Regional Conservation Partnership Program. This program was proposed in the committee’s recommendation to the Joint Select Committee on Deficit Reduction. It provided for projects that improve soil quality, water quality, or wildlife habitat in “Critical Conservation Areas” through a competitive, merit-based process and was targeted toward projects in areas with particularly significant water quality and quantity issues facing natural resource regulatory pressures and included the Great

Lakes Basin along with other Critical Conservation Areas. A program of this type should be pursued and could readily leverage programs such as the Great Lakes Restoration Initiative by allowing the purchase of conservation easements of lands that help retain water quality etc.

On behalf of Michigan's land trusts and our local, state and national partners, we urge you to make a robust working lands easement program a critical component of the 2012 Farm Bill and look forward to the continued work of our committee.

Thank you again Chairwoman Stabenow and Ranking Member Roberts and members of the committee for your consideration of this testimony. With a rapidly increasing world population and global markets, the work of your committee to secure America's farmland resources is crucial to our world's food supply and our nation's economic future.