"I find the greatest thing in this world is not so much where we stand as in what direction we are moving."

Oliver Wendell Holmes

"Timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it."

George Washington

"Give a person a fish and you feed them for a day. Teach a person to fish and you feed them for a lifetime."

Confucius

Introduction

Chairman Crapo, Ranking Member Lincoln, Senator Cochran, other members of the Committee, thank you for the opportunity to appear before you today to speak on how to utilize the Farm Bill to recover threatened and endangered species, improve the populations of candidates for such listing, State listed species or special concern species (hereinafter collectively referred to as species). We have worked hard over the past 15 years to develop programs for conservation. You have spent a lot of time on it as well and a lot of us in the conservation community appreciate it.

No committee understands conservation incentives better than the Agriculture Committee. It is humbling to be before you today and to be in a room where most of our Nation's most important conservation programs were born. I would also like to commend Chairman Chambliss for appointing Martha Scott Poindexter as the Staff Director of such an important committee. I have worked with her for about 10 years and respect her leadership and breadth of knowledge about Farm Bill conservation programs.

I am James L. Cummins, Executive Director of the Mississippi Fish and Wildlife Foundation. I am also President of the Mississippi River Trust. I am a certified fisheries biologist, a certified wildlife biologist and a private landowner. Our family's 140 acres have been in the family since 1833 and during that time it has undergone many changes from cotton to cattle/corn to timber/ wildlife today. We have 40 acres in the Wildlife Habitat Incentives Program, 10 acres in the Conservation Reserve Program (hardwoods) and 30 acres in the Partners For Fish and Wildlife Program. Some of the Foundation's more significant accomplishments include working with Senator Thad Cochran to develop the Wildlife Habitat Incentives Program (WHIP), working with the Congress to develop the Grassland Reserve Program (GRP), helping the Congress develop many of the components of the Wetland Reserve Program (WRP) and working with the Congress to develop the Healthy Forest Reserve Program (HFRP). We also worked with The White House Council on Environmental Quality and the U.S. Department of Agriculture (USDA) Farm Service Agency to develop the continuous sign-up for bottomland hardwoods in the Conservation Reserve Program (CRP). Regarding public lands, we worked with our delegation to develop the Holt Collier and Theodore Roosevelt National Wildlife Refuges as

well as the Sky Lake Wildlife Management Area, which contains the largest stand of ancient cypress in the world. We also work in the area of market-based incentives for conservation, such as tradable credits for carbon sequestration, endangered species, wetlands and streams. I proudly serve as a member of Environmental Defense's Center For Conservation Incentives. The Center's most recent program, Back From The Brink, is about recovering species.

Background

A case can be made that the Endangered Species Act (ESA) has been very effective in preventing many species from becoming extinct; however, by all accounts, it has not been successful at restoring habitat and significantly increasing populations. The ESA has listed a great many species and kept them from becoming extinct, however it has delisted/recovered very few. If our health system operated in a similar fashion, it would need to be improved. In other words, we would have put 1,274 people in the hospital, kept 989 in intensive care (endangered), 275 in the regular ward (threatened) and released 10 (delisted). There is significant room for improvement, but like a quality health care system, restoring the health of our Nation's candidate, threatened and endangered species requires dollars - and lots of them.

The Act basically says nothing about incentives. In a statement of Congressional findings in Section 2, it states that Congress finds that "a system of incentives" is "key to meeting the Nation's international commitments." The first incentive-based program Congress authorized and funded for species was done when the Senate adopted an idea of Senator Cochran's - 23 years later - in 1996 by including the Wildlife Habitat Incentives Program in that year's Farm Bill. It is currently our Nation's largest incentive-based program to recover species. The HFRP, a program whose sole purpose is to recover species associated with forest ecosystems is a product of Senators Cochran, Lincoln and Crapo, and Congressman McGinnis. Programs such as Partners For Fish and Wildlife, the Landowner Incentives Program, Private Stewardship Grants and Safe Harbor Agreements, all great programs, but were created administratively. Other private lands programs have broader conservation goals.

It is easily recognizable that this Subcommittee has had the most experience in the Senate in developing incentives - from water quality to wetlands to wildlife habitat. So your leadership, knowledge and experience are essential in the development of incentives for species.

Private lands provide habitat for at least 80 percent of our Nation's threatened and endangered species. The South has the largest percentage of listed and candidate species in the nation. And that is unfortunate. For the species, and human's sake, I wish that list was shorter. Eight of the top ten states and territories with the most listings are in the South; they include: Alabama (114), Florida (111), Georgia (66), North Carolina (63), Tennessee (95), Texas (91), Virginia (71) and Puerto Rico (75). Mississippi has 38. Arkansas has 30. Idaho has 24. Only California and Hawaii have more listed species.

The ESA can be much more effective if new, constructive ideas are incorporated into it. Stewardship of threatened and endangered species can be encouraged that respects property rights. Although a free-market economy is the preferred means of improving the environment, it does not always work in this situation and incentives should be provided. Incentives appear

to be more expensive, but many times are less harmful to the economy than burdensome regulations. And in some cases, like that of aquatic ecosystems, incentives do not always work and a stronger commitment and more cooperation from the public works agencies are needed.

Habitat is the basis of every fish and wildlife population and should be the basis of every recovery effort. I am not persuaded that the current ideas on the table are taking full opportunity of the consensus over the importance of habitat conservation.

It is obvious that we cannot set aside unlimited acres for fish, wildlife and plant habitat. The ESA calls for the federal government to prohibit certain activities that would cause the take of a listed species unless such activities are not otherwise authorized by an incidental take permit. Many times, if the land use causes a take, the result under the current system is not only hostility on the part of the landowner, but sometimes damage to the species needing protection. Ability of government to control how property is used can make an enemy out of even the most harmless of birds, fish or other listed species. There is no balance similar to what we have become familiar with in agriculture.

Let me provide an example. Not long ago, at the dedication of our Nation's first National Wildlife Refuge (NWR) named for an African American - the Holt Collier NWR - Senator Thad Cochran discussed balance. He referred to the old Mississippi initiative of "Balancing Agriculture With Industry" and stated how the new refuge will demonstrate how we can balance agriculture with the environment by keeping the best lands in agricultural production and restoring lands that are not well-suited for agriculture back to wildlife habitat.

Our Nation depends very heavily on private lands to produce the thousands of products we need every day - from cotton to coal to cellulose and beyond. We are also depending on these same lands to provide many other services that benefit society, for most of which landowners never receive compensation. These free services to society include producing oxygen, sequestering carbon dioxide, filtering air and water, providing fish and wildlife habitat, including that for threatened and endangered species, improving the aesthetic beauty of the natural landscape and providing opportunities for recreation and solitude, just to name a few.

We as a Nation have come to expect all of this from private landowners while rarely giving thought to how they can afford to provide these services "free of charge," when these services cost landowners. It is a cost that can only be recovered through the selling of, for example, cotton, timber, minerals or by divesting of the land.

And while this may be possible for some private landowners, many small and medium sized landowners continue to find it difficult, if not impossible, to invest in active and sustainable land management over such a long time. Add to this the uncertainty of regulations that might limit land management options, as well as the ever increasing campaign against the use of wood products, and it is easy to see why more and more private landowners are choosing to divest of their lands. These lands are rapidly being developed and broken into smaller units that cannot sustain many of the benefits and services society depends. Land having value - even for wood - is a great thing, especially when you are competing against concrete and asphalt.

Landowners need the encouragement, financial and technical support and backing of federal and state governments to undertake projects to recover the declining, threatened and endangered species that are found on their property. Incentive-based programs provide the basic operating framework to accomplish this objective.

Producing results requires spending money but spending money is no guarantee of results. We need to break the standoff over funding. Emphasizing recovery can build confidence that our money is spent wisely, and this confidence can, in turn, build support for more investment from both the private and public sectors.

I have quite a few suggestions to improve the Act. And all of those that I will discuss today can be accomplished through the Farm Bill.

I would like to talk about: 1) Better use existing conservation incentives; 2) Better utilize the tax code; 3) Easements versus rental payments versus cost-share programs; 4) Preservation versus active management; 5) Military base encroachment/species recovery; 6) Reduce the spread of invasive species; 7) Debt for conservation; 8) Safe harbor; 9) Technical assistance; and 10) Carbon sequestration.

Better Use Existing Conservation Incentives

We need to better utilize the existing programs to recover species. First, the Congress needs to fully fund the HFRP and develop the first agreements under the program prior to this year's end. The Senate has done their part to establish a pilot program. Senators Cochran, Chambliss, Crapo, Lincoln and others have requested funds with the support of 53 national conservation groups. I hope the House will support the Senate in conference.

The top ten states with the greatest risk of forest ecosystem loss almost mirrors those state with the most listed species I stated earlier. These states are Florida, California, Hawaii, Georgia, North Carolina, Texas, South Carolina, Virginia, Alabama and Tennessee.

Restoring forest ecosystems like the once great longleaf pine forests of the southern coastal plain, fire maintained, natural southern pine forests, southwestern riparian forests, Hawaiian dry forests, Southern Appalachian spruce fir forests, mature Eastern deciduous forests, California riparian forests, old growth forests of the pacific Northwest, mature red and white pine forests of the Great Lake states, fire maintained ponderosa pine forests and southern forested wetlands are extremely important to the recovery of many species.

The WHIP is one of the most cost-effective programs in the USDA tool box. Like the HFRP, its greatest limitation is funding. There are also other mechanisms to change and possibly improve the program and those ideas should be fully discussed for the next Farm Bill.

Listed species, more often than not, occur in waters, wetlands, grasslands, forests and riparian areas. With the exception of riparian areas, USDA has programs dedicated to these ecosystems.

Recovery can be further incorporated into other programs of the USDA. I have some general comments that I would like to make, and unless specified, that are across the board and not

limited to any one program.

1. For species only, expand the definition of cropping history to include any type of land.

2. For the CRP, establish a continuous sign-up, with incentives like the buffer initiative, for species.

3. Limit the area where there is a realistic possibility of recovering a species rather than allowing its entire historic range to be included. Eligible lands should include those that are in close proximity to existing habitat and populations where significant population recovery can occur. Priority should be given to lands where the opportunity exists to resolve landowner conflicts with species. Increase the points in the Environmental Benefits Index for land that is adjacent to or in close proximity to a population.

4. Plant the vegetative type historically on the land (i.e.; do not plant trees on land formerly in native prairie).

5. Our Nation's native prairie ecosystems are the most degraded. Utilize the GRP to restore native prairie, not protect grasslands near urban areas.

6. Reauthorize the Grasslands Reserve Program before the next Farm Bill.

7. Include safe harbor protection for landowners.

Better Utilize The Tax Code

The tax code, when used properly, can greatly aid in the conservation of species. Conservation easements are a great tool, but from a species perspective, they basically preserve the status quo. To achieve real change, restoration of habitat must be incorporated into any recovery program.

A significant recovery title should be included in any new piece of legislation concerning ESA reauthorization. A 2 million acre Endangered Species Reserve Program (ESRP), consisting of tax credits for recovery should be established. If it was authorized for 10 years, that would allow 200,000 acres to be enrolled per year. The cost would be approximately $60/acre for technical assistance and administration (one time), $50/acre/year for the rental payment (15 or 30 years) and $275 per acre for restoration (one time). This potential program should emphasize recovery through habitat restoration. Also, it should aid a species before it reaches either a status of threatened or endangered. The origin of this idea came from several conversations and meetings with my friend, the late Senator John Chafee, who also felt that incentives are critical to recover threatened and endangered species. It is also similar to the part of Senate Bill 1365 (104th Congress, 1st Session) that was introduced by former Senator Kempthorne and co-sponsored by Senators Cochran, McConnell and Thomas.
These tax credits can be used by the landowner.

It would be beneficial if the landowner could also transfer or sell the tax credit to another

private individual, corporation, group or association so it will help meet the needs of all landowners, including those with limited resources. However, the ability to transfer can create significant tax problems.

The ESRP would focus on restoration of habitat, which would function similar to HFRP.

The ESRP could consist of three components. The first component could consist of a voluntary, 15-year agreement being placed on land that is in close proximity to existing habitat of a threatened species; the landowner would receive a tax credit equal to 75 percent of the applicable acreage rate utilizing acreage rates similar to those of the CRP plus 100 percent of the restoration costs.

The second component could consist of a voluntary, 30-year agreement being placed on land that is in close proximity to the existing habitat of an endangered species; the landowner could receive 75 percent of the applicable acreage rate utilizing acreage rates similar to those of the Conservation Reserve Program plus 100 percent of the restoration costs.

There could be a limit per year on tax credits the landowner could take, although this is not desired. He/she would have 6 years to use the credit from any given year. If the land is sold or transferred, the new landowner, like the CRP, would receive the tax credits.

For example, a landowner just north of Biloxi, Mississippi has a 15 year old loblolly plantation adjacent to a stand of longleaf pine that is the home to the federally threatened gopher tortoise. An employee with the U.S. Fish and Wildlife Service (USFWS), for example, approaches the landowner about his property and tells him of this program. The landowner likes the program and enrolls his 500 acres. He cuts his loblolly and sells it for pulp. He also restores the land to longleaf pine for a cost of $46.67/acre/year for the rental payment (75 percent = $35/acre/year) and $140/acre for the first year for the restoration. The landowner takes his tax credit in year one for the rental payment and 100 percent of the restoration ($70,000 total). He takes his maximum credit in year one for $50,000 and carries the balance ($37,500) to the next year. The next year he uses it and the $17,500 credit from the rental payment for a total of $55,000; he takes $50,000 in tax credits and transfers $5,000 to the next year. The third year he has to do a controlled burn (required every three years) for $20/acre for a total of $10,000. That year he uses his credit from the rental payment, plus the $5,000 from the previous year plus the $7,500 from the burn for a total of $30,000.

A ranking system could be created so that only the projects with the greatest benefits (through a threatened and endangered species benefits index) are funded. Projects where the species can be recovered in less than 30 years would receive the highest priority. For species where the estimated recovery time is greater than 30 years, priority would be given to projects where the landowner agrees to place a perpetual conservation easement on them (as is authorized now).

Easements Versus Rental Payments Versus Cost-Share Programs

There has been a lot of discussion about how to structure programs - do you use an easement, rental agreement or only cost-share for the conservation practices?

Once you get past the group of landowners that are passionate about conservation, it boils down to dollars. Is the payment greater than or at least close to or equal to, agriculture, silviculture and/or development?

Whether one chooses an easement or agreement, there are significant tax implications to landowners. Agreements, such as those of the CRP are considered ordinary income and are taxed accordingly - in Mississippi that would be approximately 35 percent at the federal level and 5 percent at the state level for a total of 40 percent.

Easements, generally speaking, are not taxed. If the amount received in payment for the easement is greater than the basis of the easement, a taxable transaction has occurred. If there is a gain (amount realized minus the basis in the property), and the property has been held by the seller for more than 1 year, the gain will generally be treated as long term capital gain. A 1977 Internal Revenue Service ruling suggests that the entire basis in the property may be used to offset potential gains realized on the sale of an easement.

For example, assume that Patsy and Rufus Thompson own a 1,000 acre tree farm they acquired 5 years ago for $400,000 is now worth $600,000. Assume the Thompson's sell an easement to the USDA for $600,000. All of the Thompson's basis in the land can be attributed to the easement. The gain subject to tax would be $200,000 ($600,000 minus $400,000).

Let's look at another example using an easement. Assume that Betty and Bob Williams own a 2,000-acre tree farm they acquired 3 years ago for $2,100,000 is now worth $2,500,000. Assume the Williams sell an easement to the USDA for $2,000,000. All of the Williams basis in the land can be attributed to the easement. But in this case, the gain subject to tax would be zero ($2,100,000 is greater than $2,000,000).

Let's look at a similar example using an agreement. Assume that Betty and Bob Williams sold the USDA a 15 year rental agreement for $2,000,000 (2,000 acres X $66.67/acre X 15 years). Since that is classified as ordinary income (rental property), they would owe $100,000 in state tax (5 percent) and $700,000 in federal tax (35 percent) for a total of $800,000 owed in taxes (40 percent). Therefore, with an agreement, the landowner would only realize 60 percent of his or her agreement's worth.

In addition to receiving a payment for the easement, a landowner may also receive cost-share payments for restoration. Under a 10 or 15-year restoration cost-share agreement, a landowner agrees to undertake approved conservation-related improvements on the property in return for a cost-share payment, generally between 75 and 100 percent of the costs for restoring the wetland. An easement and a restoration cost-share agreement may be combined in one agreement with the USDA but separate payments are made for the easement and for the cost-share agreement. Under most circumstances, cost-share payments received are excluded from gross income.

When used by themselves, cost-share programs pay for a portion of implementing the practice. They work when there are both public and private benefits. If the private benefits were great enough, the cost-share would not need to be provided. Conservation practices beneficial to species often do not have private benefits, only public ones. In this case, the full portion (100

percent) of the cost-share would need to be provided to achieve the desired result. To achieve a real impact, beyond the passionate conservationist, an incentive in the form of an annual rental or one-time easement payment is needed.

Preservation Versus Active Management

Many endangered species cannot be recovered by simply preserving what habitat is left. That would be like trying to raise a head of 50 cattle on a pasture whose carrying capacity is 10 cattle. These habitats have to be actively managed to achieve the desired results. For example, we are doing a great job of preserving the status quo of the red cockaded woodpecker. Its optimum habitat is characterized by old-growth pine forests with little or no hardwood understory. Fires caused by lightning and those set by native Americans burned these areas, killed the hardwoods and resulted in a grassy understory. Furthermore, the fire aided the fire-tolerant longleaf pine, which was needed for seed germination. Now, mainly because of liability and the desire of many to not create a habitat favorable for regulation, controlled burns are not used as much. This lack of management has resulted in no colonies of the woodpecker to be found on private land in Mississippi. Preservation will kill the woodpecker, but management can significantly increase its numbers.

In the short-term, the ivory-billed woodpecker is another good example. In the late 1930s and early 1940s John Tanner determined and reported on the "Requirements and General Policy of a Conservation Program" for the woodpecker. He talked about the need to create the dead tree component of an old-growth forest by girdling and killing trees in a middle-aged stand. This action will result in beetle larvae between the bark and cambium layer of the tree - in a middle-aged forest that normally does not provide the quantity of food that the woodpecker needs.

Between professional foresters, range specialists and management biologists, much of the knowledge is available to manage for a species or a group of species. But we have to put that knowledge to work and get past the perception that chainsaws, chemicals and other management tools are bad. The August issue of Outside magazine has a great story about this perception.

Military Base Encroachment/Species Recovery

The Department of Defense is faced with a serious and growing threat to its ability to maintain the readiness, through training, of our Armed Forces for their missions. That threat, often termed encroachment, is caused largely by developmental pressures and loss of habitat in the vicinity of key installations and under critical military air space and training routes. The list of bases, ranges and airspace already seriously impacted by these pressures is long and growing.

Unless action is taken now, those pressures will become even more severe and the adverse impacts on our military will worsen.

The most effective action we can take to protect these key bases, ranges and airspace is to protect the land and important habitat in their vicinity. In recognition of the remarkable success of this open and collaborative approach in countering encroachment at Fort Bragg, Congress authorized the military to enter into agreements with state and local governments and

conservation organizations to work together to protect land in the vicinity of bases and associated airspace. It authorized the military to expend operational funds to help acquire, from willing sellers only, the minimum property interest necessary to ensure that an installation will be able to accomplish its mission now and in the future.

Those of us who have been privileged to work in close partnership with the military have the deepest respect and admiration for the dedicated professionals, uniformed and civilian, who do so much to ensure that as they protect our Nation they also meet their obligations as stewards of the lands entrusted to their care.

Their efforts, and the unique nature of military activities, have resulted in our military bases having some of the best remaining habitat for threatened and endangered species in the Nation and functioning as key reservoirs of the biodiversity so fundamental to an enduring and healthy environment.

There is a great opportunity to not only accomplish a key need of the military in reducing base encroachment, but recovering and hopefully delisting species that may hamper the mission of the base or range.

Reduce The Spread of Invasive Species

We need a mechanism for strong invasive species control. It could be in the form of new legislation, such as that which Senator Cochran added to the Healthy Forest Restoration Act and was stripped out in conference or added as a component to an existing program, such as the Environmental Quality Incentives Program. This is very different than the highly controversial idea of regulatory control of invasive species.

Invasive species, sometimes referred to as nonnative, alien, exotic or nonindigenous, introduced species, are those that evolved elsewhere and have been purposely or accidentally relocated. It has been estimated that invasive species rank as the second most important threat to native species, behind habitat destruction, having contributed to the decline of 42 percent of our Nation's threatened and endangered species.

This invasion has gained momentum since the last century when many of these plants were first imported or accidentally introduced. It is estimated that 100 million acres in the United States have already been affected by invasive exotic plants. This acreage increases annually by an area twice the size of Delaware. Almost 20 percent of the plant species in Mississippi's forests, parks, refuges and other open spaces are not native to our state. Some of these exotic plants meet few natural constraints and can soon dominate a landscape.

Invasive species may negatively impact native species in any number of ways including: eating them; competing with them; mating with them and decreasing genetic diversity; introducing pathogens and parasites that sicken or kill them; and disrupting available nutrients. An introduced species can change the look and makeup of an entire ecosystem - changing species composition, decreasing rare species and even changing or degrading the normal functioning of the system. An ecosystem free of invasive species is a key to maintaining and recovering threatened and endangered species.

Invasive plants can smother native vegetation or change the timing and severity of fires, floods and other disturbances. Introduced diseases and parasites can attack and eliminate dominant native plant species. For example, the chestnut blight fungus from Asia all but wiped out the American chestnut, thus changing the makeup of eastern forests. Cogongrass, classified as the seventh worst weed in the world, is hardy and tolerant of shade, high salinity and drought. It forms dense mats that crowd out native vegetation and forage plants and displaces species such as the threatened gopher tortoise in the Gulf Coastal Plain. It can alter the natural fire regime by causing hotter and more frequent fires. Water hyacinth may be the world's worst aquatic weed. One of the fastest growing plants known; it displaces native plants, fish and wildlife, disrupts water transportation, including that of the Tennessee-Tombigbee Waterway, disturbs recreational fishing and blocks water intakes at hydroelectric power generating dams. At one time in Florida, 125,000 acres of open water was covered with up to 200 tons of water hyacinth per acre.

Assistance for chemical, mechanical, biological and ecological control is needed where they are impacting threatened and endangered species.

Debt For Conservation

The 1985 Farm Bill contained a provision called "Farm Debt Restructure and Set-Aside," or Debt For Nature as it is commonly called. This is discretionary authority whereby the Secretary of Agriculture can offer debt forgiveness in exchange for a contract on lands that back up a loan. Delinquent and non-delinquent borrowers are eligible. Debt for Nature is a voluntary program that provides an opportunity for certain Farm Service Agency (FSA) borrowers to enter into a 50, 30 or 10-year contract to cancel a portion of their indebtedness with the USDA in exchange for devoting all or a portion of their eligible acreage for conservation, recreation or wildlife purposes. The amount of debt cancellation is directly proportional to the length of the contract. In terms of land eligibility, almost any land is eligible to be offered or enrolled.

The acreage placed under conservation contract cannot be used by the borrower during the term of the contract for the production of agricultural commodities or for other activities that conflict with the purposes of the contract. However, the participant retains the right to control public access to the area and may use the area in a manner compatible with the contract as determined by the USDA.

Debt for Nature has no authority to provide financial assistance to landowners to establish conservation or fish and wildlife practices. Since many of the potential Debt for Nature participants are already in a financially stressed situation, it is important that funds be made available to contribute to the cost of establishing the necessary practices, something that currently does not exist.

The existing program needs to be amended so that the Secretary can offer debt forgiveness in exchange for conservation practices, rental payments and/or easements on lands that back up the loan. It would be a "Debt For Conservation" program and any lands and practices eligible for any incentive program of the USDA would be eligible. All cost-share requirements would be waived for delinquent borrowers; non-delinquent borrowers would be required to pay the

cost-share requirements.

In general, the amount of a borrower's FSA debt secured by real estate can be canceled in proportion to the full value of the program, waving the cost-share requirement; he or she is participating in. Funding comes directly from the CRP and the "sign-up" opportunity for participation in the CRP would be continuous.

For example, a delinquent borrower near Cotton Plant, Arkansas, who owes the USDA a total of $100,000, wants to enroll 100 acres in the CRP in exchange for canceling the equivalent amount of debt. The program would have paid the borrower $50 per acre for 10 years and 50 percent of the cost-share for the establishment of the practice, which is a stand of bottomland hardwoods near the area where the ivory-billed woodpecker was sighted. The total cost of establishing the practice is $150/acre and the full amount can be charged against the loan since the cost-share requirement is waived. The value of the 10-year contract is $50,000 and the value of the practice is $20,000, for a total of $70,000. Therefore the delinquent borrower can waive $70,000 in exchange for placing 100 acres in CRP.

Like Debt For Nature, for borrowers who are current with their loan payments or those who are receiving a new loan secured by real estate, no more than 33 percent of the loan principal can be canceled in exchange for a contract or easement and corresponding practices. For delinquent borrowers, the amount of debt canceled may exceed 33 percent.

All FSA borrowers with loans secured by real estate are eligible providing they have acreage that is otherwise eligible for the specific program (CRP, HFRP, GRP, WHIP, WRP, etc.) they are interested in participating.

"Debt For Conservation" is better than "Debt For Nature" because it utilizes programs that farmers and District Conservationists are familiar with and know how to implement. Furthermore, it implements conservation and fish/wildlife practices versus just retiring land.

Safe-Harbor

Finally, safe-harbor language should be included so that a property owner shall not be liable for any incidental take of any listed species or resident species pursuant to the ESA or any other federal law from altering the habitat or making a different use of the area under the agreement once it has expired. In providing safe harbor provisions, land enrolled in any Farm Bill program and land in the immediate area that would likely be impacted by the restoration plan as the species is recovering should be eligible.

The Safe Harbor Program is a very important tool. It began in the South in 1995 as a novel approach to encourage voluntary management by private landowners to benefit listed species without imposing additional regulatory restrictions on property use. Today, landowners across the nation in 17 states have enrolled and are managing 3.6 million acres of private property with Safe Harbor Agreements. In the South, state agencies have developed and administer state wide Safe Harbor Plans and permits for the red cockaded woodpecker in Louisiana, Georgia, South Carolina and Texas from which private landowners have enrolled over 200,000 acres. In Mississippi, the USFWS has approved and is about to issue the first permit for a gopher

tortoise and the red-cockaded woodpecker Safe Harbor Agreement. The USFWS and its partners, which include us, Environmental Defense and the American Forest Foundation, are currently are working to develop a range wide gopher tortoise Safe Harbor Plan, a black pine snake Candidate Conservation Agreement and permits. During the first year of this plan, we anticipate landowners enrolling approximately 5,000 acres. These landowners will restore, grow, and produce longleaf pine for timber while enhancing habitat for these species.

Technical Assistance

USDA employees, specifically those of the Natural Resources Conservation Service, work with thousands of landowners every day. If they were more knowledgeable about endangered species conservation tools and needs, and had more authority and funding for technical assistance in conservation efforts, they, along with State Technical Committees, could develop appropriate conservation practices which could reduce landowner anxiety and better enlist landowners in conservation.

Technical assistance, even if it involves a strong partnership with the USFWS and state departments of wildlife/natural heritage programs, is essential in achieving the most environmental benefits for the dollars expended.

Carbon Sequestration

On February 15, 2002, the Bush Administration announced the Climate Change Initiative, which includes carbon sequestration. Carbon sequestration is designed to meet the carbon offset objectives of companies by reducing greenhouse gases. A carbon offset program can positively impact clean air and can be used to restore ecosystems and enhance the recovery of threatened and endangered species, besides having other positive environmental impacts such as reducing water pollution.

There should be an emphasis on reforestation and forest management efforts so that it is done in a manner that both sequesters carbon and at the same time emphasizes the recovery of threatened and endangered species. By doing so, the United States can achieve benefits in other national and international commitments. To date, the U.S. Department of Interior has been a leader in working with energy companies to reforest lands of the USFWS in a biodiverse manner. The Southeast and the Pacific Northwest are the two most effective areas in North America for the sequestration of carbon.

As programs to manage carbon are designed, strong consideration should be given to how we sequester carbon and achieve other environmental benefits as well.

Summary

Landowners in the South, and particularly Arkansas, Louisiana and Mississippi, have done a very good job of conservation of habitat for all species, no matter whether they are listed under the ESA or not. With a new way of thinking to make them more attractive, economically that is, they will be much better off.

The conservation community will support a large habitat and population recovery program. It is reasonable to assume that a coalition of conservation groups similar to that of the Healthy Forest Initiative can be established. I think you will find that both industry and conservation groups in my part of the world will help implement conservation measures to avoid listings, recover species that are listed and do this in a manner that we work with private landowners versus against them.

The type of proactive approach that I have suggested will help remove the threatened and endangered species of our Nation from their respective list. It will also aid a species before it reaches a status of threatened or endangered, making it unnecessary to list a species. Working with private property owners and enabling them to conserve habitat on their property is the kind of proactive strategy that can head off regulatory crises, while improving the environment and providing opportunities for economic development.

Mr. Chairman, Ranking Member Lincoln, Senator Cochran, this concludes my remarks. I will glad to respond to any questions that either of you or other members of the Committee may have.

Thank you.