

Review & Analysis of the Use Value Appraisal Program:

A Report to the Vt. Legislature

Deb Brighton (P.I.), David Brynn,
Martha Sullivan, Glenn Rogers,
Brendan Weiner

USE VALUE APPRAISAL GOALS

- to encourage the maintenance of Vermont's productive agricultural and forest land
- to encourage their conservation and preservation for future productive use and for the protection of natural ecological systems
- to prevent the accelerated conversion of lands to more intensive use by the pressure of property taxation
- to encourage and assist in the preservation and enhancement of Vermont's scenic natural resources
- to enable the citizens of Vermont to plan its orderly growth

5 Questions for Vermont Forestry Community

- Has the program **maintained productive forest land**?
- Has the program assisted in the conservation of enrolled forest land for the **protection of natural ecological systems**?
- Can **computer technology** improve monitoring and compliance?
- Are there **sufficient personnel** to administer the program?
- Would **annual reporting** by forest land owners affect the program?

David Brynn

- Raised in Montpelier
- Bachelors & Masters Degrees in Forestry from UVM
- 28 years with Vermont Dept. of FP&R
- Timber Harvesting Impact Study Field Forester
- Founder & Director of Vermont Family Forests
- Director of UVM's Green Forestry Education Initiative
- Family Forest Owner with 31-acres enrolled in UVA

Review & Analysis of the Use Value Appraisal Program



- Vermont's Forests
- Challenges
- Use Value Appraisal

**“Voila! Verde Mont!”
Samuel de Champlain (1609)**

Literally ‘Verdant Mountains’
from *verdoir* which means:
‘to be green’



Vermont, circa 1850

20% forested



Vermont, circa 2007

78% forested



VERMONT FOREST FACTS

(2006 USDA)

Timberland acres	4,352,855
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Forestland acres	4,462,835
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TOTAL LAND AREA	5,919,702
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Vermont Timberland by Ownership Class (USDA 2006)

➤ National Forest	11%
➤ State	7%
➤ Local	1%
➤ Business	1%
➤ Family	80%

Vermont Forest Products Industry

Generates \$1.0 billion annually
\$224 per forested acre



Employs 6400 people in Vermont's
manufacturing workforce
\$207,400,000 annual payroll

Vermont's Forest-Based Tourism and Recreation



Contributes \$485,000,000 Annually
Employs 6300 people
\$93,000,000 payroll

The Fruits of Well-Conserved Forests



- Highest quality water supplies
- Biologically Diverse
- Carbon storage

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Montreal Process

Sustainable Forestry is Complex!

- Conservation of Biologically Diversity
- Maintenance of Productive Capacity
- Maintenance of Forest Ecosystem Health and Vitality
- Conservation and Maintenance of Soil and Water Resources
- Maintenance of Forest Contribution to Global Carbon Cycles
- Maintenance and Enhancement of Long-Term Socio-Economic Benefits

Stumpage Prices

COUNTY FORESTER ESTIMATE

Site II – 100 bd. feet/acre/ year

Mill Price \$375 - \$500
 \$50 per MBF trucking
 \$200 per MBF logging

 \$125 - \$250 per MBF stumpage
 or
 \$12.50 - \$25 per acre per year
GROSS

(NET - Less Management Costs)

Mill Prices

The prices listed here are those that log buyers – mostly sawmills and wholesalers – are paying for logs. The prices paid for delivered wood, landowners need to adjust the prices down to get an idea of what they might receive from the logger for their trees. Please read the section below for a discussion of the factors that affect the price paid to landowners.

The prices are for one specific grade of logs within the species: a log of average quality, not a prime sawlog and not a poor one. For hardwoods, it's a log at least 8 feet long with 3 clear faces and a minimum 12-inch top diameter. For white pine, we've taken an average of the middle grades (in very general terms, it's for a minimum 8-inch top 12-to-16-foot long with knots smaller than 6 inches but larger than 1 inch). For spruce/fir, it's for a minimum 5-inch top and at least 10 feet long. For hemlock, it's a minimum 8-inch top and at least 12 feet long.

Factors affecting price paid to landowners

These prices are for trees that have been felled, limbed, brought to a landing, made into logs, and delivered to a mill. In some cases, buyers pay for logs on the landing and build trucking costs into the price. Trucking logs to the mill typically costs from \$45 to \$75/MBF, but can run higher for long hauls.

The cost of logging varies greatly. The least expensive logging job is on a lot that has a high volume of large-diameter, high-quality trees marked for cutting, has a good internal road system over flat, dry ground with a central landing and short skidding distance. Higher logging costs result when one or more of the above is missing. The underlying principles are simple: a logger needs to make a certain amount of money per hour and the more difficult it is to operate, the less he can pay for the wood. Low-value wood costs the same as high-value wood to remove and there won't be much left to pay stumpage; if the costs are high and the value is low, the cost for cutting and yarding normally ranges from \$100/MBF to \$250/MBF, but in some circumstances it can reach more than \$300/MBF.

Negotiating a fair price requires an understanding of markets and job conditions. It's recommended that landowners without this knowledge use a forester for an agent. A forester's fee will add to the cost, but studies show that their representation results in a higher payment for the timber.

These data are compiled from interviews with suppliers and buyers, and from the most recent print and on-line versions of the edition of *Sawlog Bulletin* and used by permission. For more information on the *Sawlog Bulletin*, call 803-444-2549 or go to sawlogbulletin.com. Please note that many of these prices were reported three months prior to our publication date, and current prices could be higher or lower.

	NY	VT	NH	ME
DOLLARS PER THOUSAND BOARD FEET				
White Ash	264	293	275	260
Beech	131	162	175	206
White Birch	270	238	269	269
Yellow Birch	350	296	390	358
Black Cherry	673	713	681	725
Sugar Maple	711	686	730	716
Red Maple	258	295	325	315
Red Oak	575	596	617	697
Hemlock	153	145	127	197
White Pine	254	263	300	325
Spruce/Fir	189	206	310	300

Prices compiled February 1, 2005



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your bank

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Wells River Savings has been providing personal and business banking products and services in the Upper Green and White Valley of Vermont and New Hampshire for more than 100 years.

Bank online at www.wrsb.com

Average Statewide Stumpage (2005)

- Harvest stumpage value/yr \$31,500,000
- Total forested acres 4,462,835
- Harvest stumpage/acre/yr **\$7.05**
- Value of shipments/acre/yr \$224.00

“Stumpage”

=

3.15% of total
value of shipments

“Economic returns from forest stewardship often do not cover the costs of forestland ownership.”

Vermont Forest Resources Plan
(2000)

“The two great ruiners of private land are ignorance and economic constraint.”

-from Wendell Berry



Vermont Timberland by Ownership Class (USDA 2006)

➤ National Forest	11%
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➤ Business	1%
➤ Family	80%

Many benefits (*ecosystem services*) of forests – including clean water, carbon storage, pretty views, and biological diversity – are not accounted for in the current economic system.



Changing Climate

- Severe wind events
- Increased drought and fire
- Increased heavy down pours
- Increased soil erosion
- Reduced winter logging conditions
- Lower water quality
- Increased losses due to insects & disease
- Reductions in soil carbon
- Rapid changes in species types



Peaking Oil Supplies

- Increased demands for wood for energy.
- No such thing as 'waste wood' in the forest: cation exchange sites, debris dams, terrestrial and aquatic habitat, water retention, carbon storage, and soil building functions.

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USE VALUE APPRAISAL: High Quality Timber Production & Protection of Water Quality



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Forest Survey

Seeking *Range* of Perspectives

Sent to 50 landowners, loggers, sawmill owners, foresters, ecologists, & biologists.

Respondents (42%)

- 7 Landowners
- 3 Consulting Foresters
- 4 County Foresters
- 2 Land Trust Staff Foresters
- 5 Forest Ecologists/ Biologists

Followed up with one-on-one meetings and phone conversations.

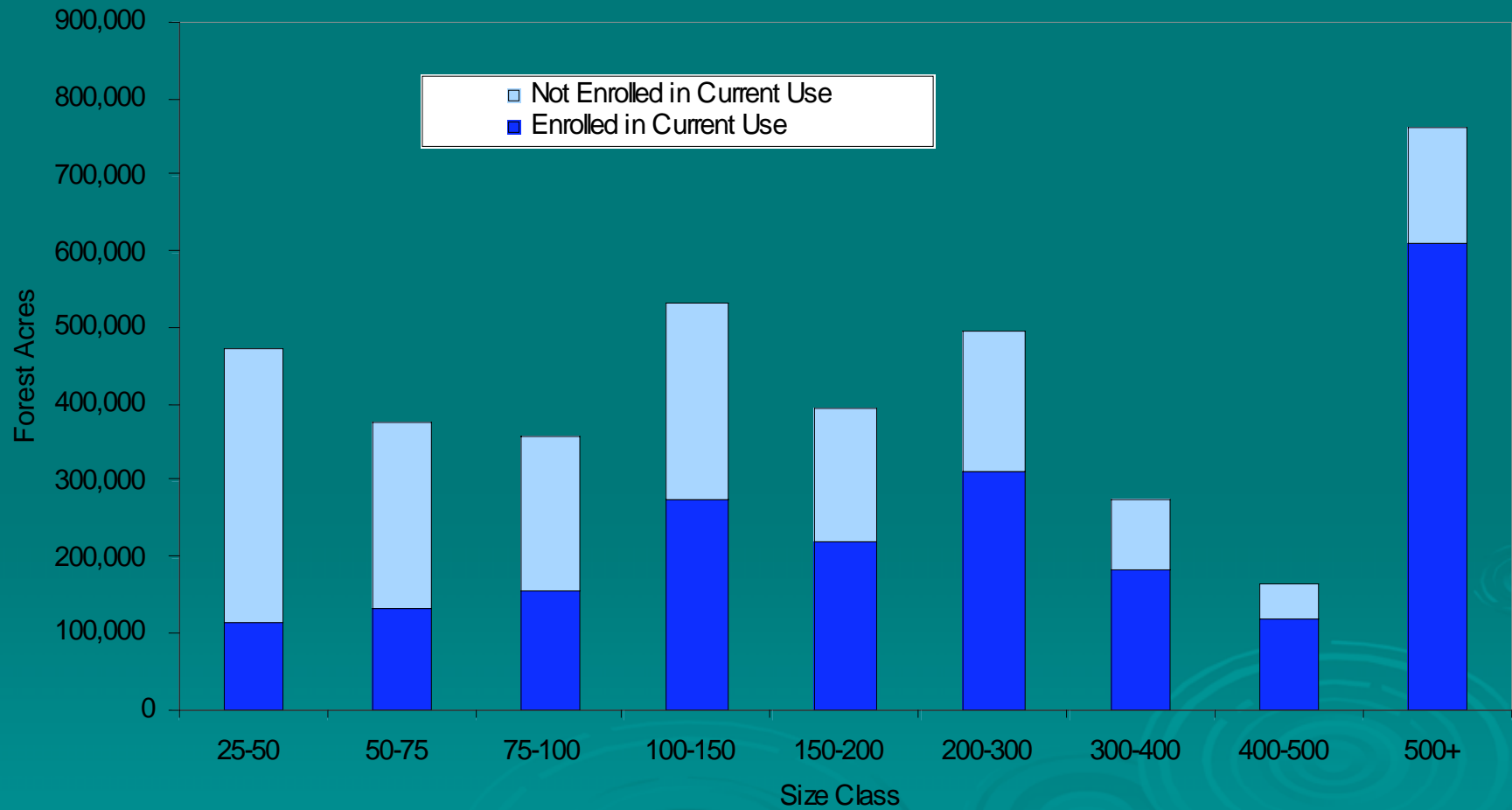
Is UVA Maintaining Vermont's Productive Forestland?



Potentially UVA- Eligible Forestland (2006 Grand List Data)

3,100,000 acres (50% enrolled)

Forest Acres Enrolled in Current Use by Size Class



Is UVA Maintaining Vermont's Productive Forestland?

- 100% of survey respondents said 'Yes'.
- "Use Value is essential."
- "Couldn't afford to steward my forestland without it!"

Is UVA Adequately Protecting Natural Ecological Systems?



“Yes. But Keep Timber Focus!”

“Although I would like the program to make provisions for other values as I have described above, I believe that management for forest products should be central to the program.

 *Harvesting trees creates jobs both directly & through ripple effects...*

 *There would be great opposition to providing tax incentives that did not return tangible benefits to Vermont.”*

Consulting Forester

“Yes, But Put Forest Health First!”

“UVA should prioritize putting forest health first by focusing on water, soil, biological diversity, carbon storage and forest vitality as key management strategies that are embraced by the UVA program.”

Forest Guild Statement

Is UVA Adequately Protecting Natural Ecological Systems?



Amend the 20% Rule so that Important ecological areas not managed for timber may be included.

Computer Technology

- Expand use of Geographic Information System Technology
- Increase use of electronic options for filing plans and reports
- Improve information sharing capacity between state agencies

Use Value Parcels by County Forester by District



Increase County Forester staffing to improve program administration.



IN SUM: Vermont's Use Value Appraisal Program is essential for the economic productivity & ecological health of Vermont's private forests. It can be improved. It is working.