

The Delaware Highlands Conservancy is a non-profit land trust dedicated to working with landowners, other conservation organizations and local and state government to conserve the natural and cultural heritage of the Upper Delaware River region. Specifically we serve Pike and Wayne Counties in PA, as well as Sullivan and Delaware Counties NY, we are members of the Pennsylvania Land Trust Alliance, and we meet regularly with our counterpart organizations serving north-east Pennsylvania.

Our work is an excellent complement to the State and County Agricultural Land Preservation Programs.

To date the Conservancy has helped landowners protect nearly 10,000 acres for the benefit of future generations using land preservation agreements or conservation easements. Conservation easements allow the landowner to retain private ownership of the land, keep the property on local tax rolls, and ensure that the property remains essentially as it is today – be that working farmland, natural areas for wildlife, or productive forest land.

When a landowner protects their land with a conservation easement, they are giving up future development on their property, and along with that development potential, they are reducing the market value of their property. This action ensures that these working lands are more affordable for future generations of farmers and forest landowners who then do not need to compete with developers for the same properties.

The federal government recognizes that these individual actions have great benefit to the community and provides federal income tax benefits to offer a small incentive to landowners to protect their land. (Hopefully the additional tax incentives in place for 2007 will be extended for future years see handout.)

Other states take this further and provide additional incentives on state income tax and even property tax credits for those individuals who have protected their land with conservation easements. These incentives can help make the decision financially easier for a landowner contemplating protecting his land. (see NY attachment)

Fortunately many landowners feel passionately about protecting their land for future generations and work with us voluntarily without desire for compensation beyond these incentives.

However not all landowners are able to make the philanthropic decision to voluntarily give up a significant portion of the value of their land without compensation. Their land may in essence be their retirement savings plan – it may be the only asset they have of value.

The Agricultural Land Preservation program is a good program to help compensate farmers and help keep the land in gainful agricultural production. The new changes allowing for smaller farms will help many of the smaller growers.

But there is nothing comparable for our non-traditional agricultural land: our working forest land.

Sustainably managed forest land, as you've heard in previous testimony, protects our forest industry. Forest land protects water quality and quantity (through ground water recharge) but it also contributes to the economic well-being of our area. The Pocono Mountain Visitors Bureau, serves Pike and Wayne Counties but also Monroe and Carbon. They report that the travel and tourism industry produces 1.073 Billion in expenditures and generates 275 million in tax dollars. They recently completed extensive research with visitors (before launching a new brand identity) and determined that the top values were (in order):

- Preservation of the natural environment
- Preservation of the authentic small town charm
- Responsible development

Protecting our natural areas is of vital economic importance to the region and to the state.

The Conservancy is official sponsor for the Federally-funded Forest Legacy Program (FLP) in Wayne County as well Pike County. Just like the Ag program strives to ensure ongoing farming, the FLP is driven by the need to protect our working forests.

Yet the program is phenomenally competitive. In years of participation, there has only been one easement completed in Pennsylvania.

That easement was on the 1,200 acre Milford Experimental Forest in Pike County. It involved funding from both the FLP and Pennsylvania's Department of Conservation and Natural Resources, and the support of The Conservation Fund, and other organizations. It took three years to complete and hundreds of hours of effort.

Furthermore, in this last grant award period, only 25M was given out nationwide for 14 projects, none in Pennsylvania. This program is the only alternative for forest landowners at the moment.

At a meeting hosted by the Pennsylvania Bureau of Forestry last year with forest landowners in the northeast the number one issue was not forest health, or marketing products, but forest land conversion. The Bureau of Forestry is working with other departments within the Department of Conservation and Natural Resources (DCNR) to help make protection of forest lands in the northeast more of a priority. However currently the only funds available are through the Parks and Recreation area, would cover only 50% of the easement value and require significant public access. Unfortunately the public access requirement is not acceptable for many landowners.

What is needed are additional programs – grant funding, tax deductions, tax credits -- to help protect our working forest land for future generation, to help protect the future economic viability of north-east Pennsylvania.

Thank you.

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DELAWARE HIGHLANDS CONSERVANCY

ANNUAL REPORT 2006

PROTECTING QUALITY
OF LIFE IN THE
UPPER
DELAWARE
RIVER REGION



The Delaware Highlands Conservancy is a land trust dedicated to working with landowners, other conservation organizations and local governments to conserve the natural and cultural heritage of the Upper Delaware River region.

Still a predominately volunteer organization, we rely on active Board members and numerous volunteers to run our programs, work with landowners and monitor the easements we hold. In 2006 our full-time staff consisted of our Executive Director, Sue Currier, and Land Protection Coordinator, Helle Henriksen, hired in March. A small team of part-time and temporary employees rounded out our team in 2006 with Ann Marie Drake as educational coordinator; and Kelly Beliveau and Claire Wildermuth as interns.

This dedicated team of employees and volunteers turned your support into tremendous accomplishments for 2006.

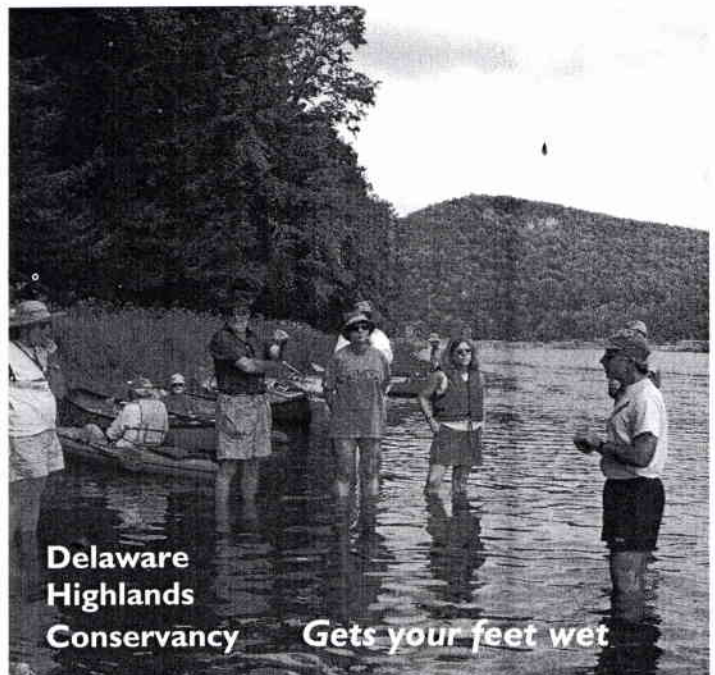
LAND CONSERVATION

In 1999 with less than 500 acres protected, the Conservancy's Board of Directors set the aggressive goal of protecting 10,000 acres by the end of 2007.

In 2006, we made significant strides towards that goal protecting 2,700 acres across 7 properties. As of the end of December 2006 we helped protect over 9,600 acres.

Looking ahead, our staff and volunteers are actively working with over 30 different landowners across four

counties representing over 10,000 acres in various stages of consideration. With new tax law incentives for conservation easements placed in 2007 we anticipate an especially busy year.



Delaware
Highlands
Conservancy *Gets your feet wet*

We are now the official sponsor for the Federally-funded Forest Legacy Program (FLP) in Wayne County as well Pike County. In 2006 we successfully completed a complex easement to provide forest research, conservation education and a public trail on the 1,200 acre Milford Experimental Forest. This deal involved significant funding from both the FLP and Pennsylvania's Department of