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Introduced By:

Proposed No.:

98-571

MOTION NO. **10556**

1
2 A MOTION endorsing Congressional passage of H.R. 4301,
3 the 'Community Forestry and Agriculture Conservation Act of
4 1998', to amend the Internal Revenue Code of 1986 to modify
5 the treatment of bonds issued to acquire renewable resources
6 on land subject to conservation easement.

7
8 WHEREAS, King County has a long-standing commitment to preservation of open
9 space and working forests,

10 WHEREAS, King County has partnered with numerous community organizations to
11 secure the protection of critical rural lands, and

12 WHEREAS, responsible, sustainable management of forest and agricultural lands
13 provides important public benefits relating to recreation, the protection of water resources,
14 and the preservation of endangered and threatened species, and

15 WHEREAS, in many of the foregoing protections addressed through federal, state
16 and local regulations, there is often no solution, short of outright purchase of the property
17 by the government, to ensure the land is managed for these valuable public purposes, and

18 WHEREAS, landowners willing to preserve resource lands or to practice low-
19 impact management of resource lands to promote community purposes face financial
20 restraints, and

1 WHEREAS, landowners may be willing to sell certain lands or development rights
2 on certain land, but find that there is no entity with the resources to acquire it and manage it
3 for the benefit of the public, and

4 WHEREAS, while current federal tax law allows for the issuance of tax-exempt
5 debt on behalf of nonprofit corporations, such as hospitals and higher education facilities, it
6 is unclear whether the law allows the issuance of tax-exempt bonds for conservation
7 purposes and forestry-based nonprofit corporations, and

8 WHEREAS, the King County Community Forestry Bond Work Group formed to
9 research and advance the concept of issuance of tax-exempt bonds for conservation
10 purposes and forestry-based nonprofit corporations, and

11 WHEREAS, on July 2, 1998, Congresswoman Jennifer Dunn introduced the
12 "Community Forestry and Agriculture Conservation Act of 1988" which would allow for
13 the issuance of tax-exempt bonds for nonprofit, Section 501(c)3 organizations to purchase
14 forest land, and

15 WHEREAS, this program would allow sellers to sell their property, which likely
16 would be of an environmentally sensitive nature (e.g., green areas adjacent to the urban area
17 or lands with other environmentally sensitive attributes which preclude full exploitation), for
18 fair market value and encourage new nonprofit landowners to implement strong
19 conservation practices without the financial burdens on other landowners, and

20 WHEREAS, as the public benefit of open space around urban areas is not limited
21 only to timber regions this type of tax-exempt financing in forestry could potentially be used
22 in other forms of agriculture, such as farmland, and

1 WHEREAS, with the relatively low interest rates of tax-exempt bonds, those
2 qualifying property acquisitions financed by 501(c)3 may significantly benefit compared
3 with those financed with capital that carries a higher borrowing or discount rate due to
4 lessened pressure to harvest trees in any one year, and

5 WHEREAS, as the 501(c)3 financing would not be predicated on any recourse
6 (liability) to local, state or federal government, with the source of bond repayments from
7 future timber sales (or other source) and not from taxpayer money, there would be a
8 reduction in budgetary pressures for competing needs, and

9 WHEREAS, based on an agreement between the seller and the non-profit acquiring
10 entity, the county or other governmental agency would issue the bonds on behalf of the
11 nonprofit organization, so the nonprofit can purchase the land for conservation, and

12 WHEREAS, at a minimum, the proposed legislation requires that a conservation
13 easement be applied to the property and that the management plan must exceed state and
14 federal law, and

15 WHEREAS, the proposed Community Forestry and Agriculture Bonds complement
16 existing land protection programs such as the Land and Water Conservation Fund because
17 they focus on different types of lands and target those lands which may be too costly to
18 purchase outright, which are already working timber and agriculture lands, but are
19 important in terms of conserving green space, providing habitat for fish and wildlife, and
20 clean water, and

21 WHEREAS, a broad cross section of the environmental and business community
22 including entities such as the World Wildlife Fund, the Pacific Forest Trust, the Mountains

1 to Sound Greenway, Weyerhaeuser Corporation, Plum Creek Timber, and the Trust for
2 Public Lands have been involved in development of this financing approach, and

3 WHEREAS, the approach will allow a landowner or community group with a desire
4 to conserve specific lands to develop an agreement detailing what land would be sold and at
5 what price, decide on a land management plan for years to come, and detail environmental
6 protections on the property, and

7 WHEREAS, this approach keeps environmental decision-making authority with the
8 citizens who best understand and value the community benefits and provides an opportunity
9 for creation of a conservation model in King County that could be seen as a model for other
10 regions, and

11 WHEREAS, without this change in tax law, existing working forests will likely be
12 sold for development for housing, retail, or industrial, or types of development which will
13 permanently remove the land from forest land.

14 NOW, THEREFORE BE IT MOVED by the council of King County:

15 The council of King County endorses the goals of H.R. 4301 in its current form and
16 supports passage of a final version which includes the following provisions:

17 (1) require a conservation easement in perpetuity;

18 (2) require the conservation easement to be held by another qualified 501(c)(3) or
19 governmental entity functioning as an independent third party;

20 (3) require management plans to exceed standards of both state and Federal laws for
21 private timber land;


22 (4) require the management plans for the property be in place prior to issuance of
23 any bonds to fund the acquisition;

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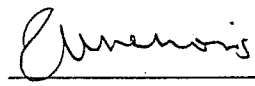
(5) require the 501 (c)(3) purchaser pay for the monitoring for easement compliance;
(6) create a mechanism to ensure broad representation on the board of directors of the respective 501(c)(3)'s and to ensure that no single interest controls more than 20% of the board.

PASSED by a vote of 12 to 0 this 21st day of September,
1998.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chair

ATTEST:


Clerk of the Council