

Six Rivers

Regional Land Conservancy

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WE CONSERVE, SUSTAIN AND
CONNECT NATURAL AREAS, LANDS
AND WATERS THAT MAKE THE
PLACES WE LIVE SPECIAL.

Six Rivers Regional Land Conservancy
is a private non-profit organization.
All contributions are tax-deductible as
provided by law.



Senate Finance Committee Wednesday, September 12, 2012 Testimony on Senate Bill 805 Chris Bunch, Executive Director

Mr. Chairman and Committee Members,

Thank you for the opportunity to speak to you today. I am the Executive Director of the Six Rivers Regional Land Conservancy. We are a private non-profit conservation organizations working to protect important natural, agricultural and community lands in the watersheds of the Belle, Clinton, Flint, Huron, Rouge and Shiawassee Rivers in Oakland, Macomb, Genesee, Lapeer and St. Clair Counties. Most of our work is with private landowners who are committed to conservation and act on their values by exercising their property rights and permanently protecting their land.

I'm here to urge you to move forward with SB 805 to clarify the rules making property protected by a conservation easement exempt from triggering the "pop-up" property tax on transfer. Unanticipated circumstances affecting the original legislation extending the exemption did not address properties protected by a conservation easement through will or other post-mortem approaches followed by heirs or executors of a landowner's estate. SB 805 will allow easement benefits to be applied consistently based on the grant of the easement rather than on who granted it. It will ensure landowners and those acting on their behalf to fulfill their final wishes or shape their legacy are able to use the full range of tools available to satisfy their values.

To simplify the process and reduce costs to landowners and their estates, these rules should be consistent with the approach and intent of federal rules that establish and govern the private land conservation process. Michigan's other rules largely mirror those set forth in the internal revenue code, which allow the

benefits for granting a conservation easement to apply to a landowner or to those handling a landowner's estate. SB 805 can ensure consistency of application across the range of incentives for landowners to preserve their property.

This incentive is an important tool to help landowners fulfill their personal commitment to conservation, and to support policies and efforts directed at maintaining Michigan's incredible natural bounty. As fewer public resources are available, the role of private landowners and of private sector land conservancies like Six Rivers is more important to conserve our critical natural resources. These incentives help foster participation and reduce the need for direct government involvement.

Here are a couple of examples where this legislation could have a significant impact.

The first is a project we are in the middle of. A landowner worked with us to create a draft easement and placed it in her trust, along with instructions for her trust to move forward with the easement should she not complete it prior to her death. She was killed in a car accident last December. We are working with her heirs and attorneys to complete the easement. If the property tax cap were in place right now the additional incentives would benefit her estate and heirs just as they would have should she have completed the easement prior to her death. By adopting this legislation you will ensure the easement benefits are applied consistently based on the grant of the easement rather than on who granted it.

The second example is from my own family property. Along with being Executive Director of a land conservancy, I am a fifth generation landowner and an easement donor, along with the rest of my family. We have 160 acres with a lake on it; an important closed canopy forested lake system. There are only three homes on it and the shoreline and forest has been maintained in its natural state. It provides habitat for bald eagles, ospreys, loons and a wide range of other wildlife predisposed to those conditions. Almost all of the other privately owned lakes in that area have been developed and their habitat has been significantly altered and degraded.

When an uncle and then my grandfather passed away in a short period of time we were nearly forced to sell the property out of the estates and then re-purchase it. This would have uncapped

the property taxes and we would have lost the property as we wouldn't have been able to afford the taxes. It cost tens of thousands of dollars working with attorneys to avoid those circumstances. If we had been able to complete the conservation easement at the time and maintain the cap on the property taxes, it would have significantly lowered the costs we encountered. We completed the easement a couple of years later, and now we know if there is divorce, bankruptcy, medical emergency or other circumstance forcing one of us to sell, the rest will not lose the land because the property taxes were uncapped.

I urge you to move forward with SB 805 and changes to integrate the intent of capping property taxes on protected properties with the other incentives for private land conservation. These changes will foster additional private landowner conservation actions, helping to sustain the natural bounty that makes Michigan special and reducing the need for direct government involvement to protect our natural heritage.

Thank you for the opportunity comment. I am glad to answer any questions.