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# Iowa Legislative Fiscal Bureau

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## Blufflands Protection Program

### ISSUE

Urban development is the major concern with regards to the preservation of the blufflands region. The establishment of a Blufflands Protection Program would offer loans to non-profit conservation organizations to purchase land in the blufflands region of the State or to purchase the development rights of the land.

### AFFECTED AGENCIES

Division of Soil Conservation, Department of Agriculture and Land Stewardship

### CODE AUTHORITY

None

### BACKGROUND

The blufflands area is land adjacent to the Mississippi River in northeastern Iowa. The region has hilly terrain, coldwater springs, trout streams, caves, and sinkholes. This land is unique in that it supports rare plant and animal habitat such as the Karner Blue Butterfly, the Iowa Pleistocene Snail, the Northern Monkshood Flower, and the Iowa Golden Saxifrage Flower. The land is susceptible to soil erosion, insecticides, and pesticides used in farming.

Development can and is taking farmland out of production. Woodland areas become smaller as they are cleared for new construction, and wildlife and natural habitat must adjust to this development as the natural areas are decreased in size.

Over the years, several attempts have been made to pass legislation creating a Blufflands Protection Program. Legislation introduced during the 1997 Legislative Session included:

- House File 150 and Senate File 488 created the Blufflands Protection Revolving Fund with an annual contribution of \$1.0 million from the adjusted gross receipts tax from excursion boat gambling. The maximum fund balance would be \$2.5 million. House File 150 further specified that a conservation organization reporting a loss in property value from the purchase or attachment of a conservation easement would

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have to repay 25% of the loss. The Blufflands Protection Revolving Fund would absorb any remaining loss.

- Amendment S3491 was introduced to House File 708 (Agriculture and Natural Resources Appropriation Act for FY 1998). The amendment created the Blufflands Protection Revolving Fund with a General Fund appropriation of \$250,000.
- Amendments S3828 and S3834 to House File 731 (Budget Information Statutory Bill), created the Blufflands Protection Revolving Fund with \$500,000 from lottery funds transferred to the General Fund.

## **CURRENT SITUATION**

### ***Conservation Group Options***

A conservation group would borrow funds from the Blufflands Revolving Protection Fund to purchase land or to purchase a conservation easement from the landowner. These loans would be repaid by the conservation group with interest. A third option is for the landowner to donate a conservation easement.

### **Purchase Land Option**

The following is an example of how the purchase option would work. A landowner with 40 acres located on the Mississippi River is approached by a land developer. The developer is offering the landowner \$5,000 per acre for the purchase of the land. To compete with this offer, a conservation group would need \$200,000 to complete the purchase. A loan from the Blufflands Revolving Protection Fund is made to the conservation group and the land is purchased by the organization. The conservation group can maintain the property or attach development restrictions to the land and offer it for resale. This allows the landowner to receive the land's current market value.

### **Conservation Easement Purchase Option**

A second option allows the conservation group to borrow money to purchase the development rights from the landowner through the use of a conservation easement. A conservation easement is a voluntary written agreement between the landowner and the conservation group. The landowner receives payment for the easement and the conservation group receives a permanent easement restricting the development of the land. The landowner maintains the legal title to the land and retains all remaining property rights. The conservation group agrees to monitor the land and enforce the easement.

### **Conservation Easement Donation Option**

This option encourages landowners to donate perpetual conservation easements on their land and in turn, receive tax reduction benefits. A donation of a perpetual conservation easement to a qualified conservation organization is treated as a charitable contribution for federal income tax purposes. The owner can deduct up to 30% of their adjusted gross income. If the value of the easement is greater than the deduction, the landowner can carry forward the deduction for an additional five tax years. Corporations can deduct up to 10% for a conservation easement donation. Other tax reduction benefits include reduced federal estate taxes and lower property taxes.

### ***Iowa Initiatives***

The Iowa Natural Heritage Foundation has been active in the preservation of the blufflands and was one of the 24 winners of the Seventh Annual National Awards for Environmental Sustainability. *Renew America*, an organization that promotes environmental programs, announced the winners in January 1997. The winners were selected from a pool of 1,600 applicants.

Foundation members have contacted all landowners with more than 40 acres on the Mississippi River. A number of projects resulted from these contacts. In 1996, the Richard Worm family donated a conservation easement for 115 acres of land in the blufflands. Other projects have included land purchases and educational programs.

In 1993, the Iowa Natural Heritage Foundation assisted in the creation of the Blufflands Alliance, an organization that promotes voluntary blufflands protection in Iowa, Minnesota, Wisconsin, and Illinois. This partnership works with landowners and other organizations to preserve the region and its natural beauty.

### ***Bordering States Programs***

The bordering states have implemented programs to protect and preserve the blufflands. The following is a brief overview of these programs.

#### **Minnesota**

Minnesota established the Blufflands Landscape project in 1991 which is part of the Minnesota Department of Natural Resources. This project received an appropriation of \$630,000 to provide funding for the creation of a Blufflands Coordinator position. Job duties for this individual include raising public awareness by working with public groups, city and county governments, and other individuals interested in preserving the blufflands. The Coordinator works as a liaison between the Department of Natural Resources and the general public.

#### **Wisconsin**

Wisconsin's blufflands region is covered by the Knowles-Nelson Stewardship Program that was created by the Legislature in 1989 and is in effect until June 30, 2000. The Department of Natural Resources administers the Program in conjunction with the Stewardship Advisory Council. The Stewardship Advisory Council has representatives from various non-profit groups and local units of government.

The Knowles-Nelson Stewardship Program allows non-profit conservation groups to borrow up to 50% of the funds needed to purchase land. The Program's overall objectives include expansion of outdoor recreation opportunities, protection of wildlife habitat, preservation of natural areas, and water quality protection. The Program's funding is \$250.0 million with funds from general obligation borrowing. There are 12 Program categories that are eligible for receiving funds.

**Illinois**

Conservation 2000 was enacted into Illinois law in 1995 to preserve and restore Illinois' natural resources. This six-year program received a budget of \$100.0 million.

The Ecosystems Program is a voluntary Program that receives funds from Conservation 2000. The Ecosystems Program encourages the formation of partnerships between private landowners and public communities. These Ecosystem Partnerships sponsor projects built around key watershed areas. The objective of each project is to preserve the state's natural resources while maintaining a balance with local economic and recreational concerns. Partnerships are governed by a Local Partnership Council which consists of 12 to 20 local members appointed by the Illinois Department of Natural Resources. Currently, there are 19 Ecosystem Partnerships in the State of Illinois. Projects have involved education, habitat protection, research, and technical assistance.

**BUDGET IMPACT**

An appropriation for preserving the blufflands and other natural regions such as the Loess Hills area would allow conservation groups to borrow money from the Blufflands Revolving Protection Fund to purchase land and then resell it with conservation restrictions or to purchase conservation easements from the landowner. This encourages landowners to use the land for agriculture or natural resource management.

Legislation introduced during the past session appropriated a range of \$250,000 to \$1.0 million for a Blufflands Revolving Protection Fund. If the Program is expanded to include other regions in the State, such as the Loess Hills area, a larger budget would be necessary to increase the effectiveness of the Program. The sources for this funding include the adjusted gross receipts tax from excursion boat gambling operations, lottery funds, and general funds.

**AVAILABLE INFORMATION**

Additional information relating to the blufflands is available from the Legislative Fiscal Bureau.

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