



Statement of Phil Huffman
Director of Government Relations and Policy for The Nature Conservancy in Vermont
to the House Agriculture and Forestry Committee
on S.160, Sections 3, 12 and 13
April 11, 2019

INTRODUCTION

Thank you, Chair Partridge and members of the Committee, for the opportunity to testify on S. 160.

Since we haven't testified before this Committee this session, we thought it might be helpful to give a brief high-level overview of The Nature Conservancy. TNC is a nearly 70-year old international nonprofit conservation organization with offices in every U.S. state and roughly 75 countries around the world. Our mission is *to conserve the lands and waters on which all life depends* – human life as well as the countless other species with which we share the Earth. We bring a science-based, non-partisan, solutions-focused approach to creating a world where nature and people can thrive together.

Here in Vermont, we have been active for nearly six decades – we're excited to celebrate our 60th anniversary next year. We're a membership-supported organization with over 9,300 Vermont members (by far the most per capita of any TNC chapter in the country). Our main office is in Montpelier and we have a small office in Poultney. Over our 59-year history here in Vermont, we've helped to conserve more than 300,000 acres of land and 2,000 miles of shorelines along our rivers, lakes, and ponds.

Some of these lands we helped to acquire and then transferred to public agencies and other nonprofits: for example, parts of the Long Trail, the Missisquoi National Wildlife Refuge; Green Mountain National Forest; Camels Hump State Forest, Green River Reservoir State Park, and many wildlife management areas throughout the state.

But we also own and manage almost 30,000 acres of land in 56 natural areas distributed in every Vermont county, and our lands are open for public access, hunting and fishing. We also make some of our natural areas more readily accessible through trails and boardwalks, such as at Eshqua Bog in Hartland and Raven Ridge on the Monkton/Hinesburg/Charlotte town line. We're currently celebrating our latest land protection achievement, our acquisition of a critically important 3,500-acre forest block on Glebe Mountain, straddling the Londonderry/Windham town line.

It's also worth noting for this Committee's purview that for the past 20 years, we co-owned 26,000 acres of working forestland with the Vermont Land Trust in the Atlas Timberlands Partnership. We also have protected nine farms totaling 1,600 acres of farmland and own over 500 acres of wooded buffer lands along East Creek the Town of Orwell. And we helped to create the Johnson Farm Wildlife Management Area in Canaan and Lemington.

Many people think of us as a land trust, but we have evolved to be much more than that. Some examples of other aspects of our work include removing dams that are no longer serving a public purpose and are obstructing our waterways; rightsizing culverts so they are better able both to withstand high flows in our increasingly frequent large storms and to allow aquatic species to move freely upstream and down; partnering with the Agency of Transportation and the Department of Fish and Wildlife to create a more wildlife-friendly state road network; restoring iconic species like the American elm as a key component of our floodplain systems; and engaging people in the outdoors for all the benefits it provides.

Underlying all our work, we are a science-based organization and we strive to find practical solutions using the power of nature to help address today's most pressing environmental challenges, both here in Vermont, across the country, and around the world. Two of those challenges currently here in Vermont are declining water quality, and the potential loss and transition of Vermont's open agricultural lands.

We understand the urgent need to help struggling farmers, and we are in favor of the idea of paying farmers for the ecosystem services their lands could provide. We strongly support the idea that a Working Group be formed to develop a framework for payments for ecosystem services (PES). This past Tuesday Dr. Eric Roy of UVM presented to you many considerations that must be addressed before payments could start to flow to farmers. We hope that a Working Group would efficiently work through the many details needed to help get a PES system up and running quickly.

I will now hand off to my colleague Rose Paul, our Director of Science and Freshwater Programs, to share more of our perspective on ecosystem services and PES frameworks. After she speaks, I will offer our comments on the specifics of Section 3 in S.160.

[after Rose]

COMMENTS ON SECTION 3 OF S.160

In addition to points Rose made, we would offer the following comments on Section 3 of S.160:

- TNC supports the concept of developing a thoughtful system to pay landowners for ecosystem services provided that (1) payments are tied to measurable environmental outcomes/benefits (e.g., reduced nutrient runoff, enhanced carbon storage) rather than to land management practices, and (2) payments are scaled according to the magnitude of the outcome/benefit provided.

- We would emphasize that more thought and work is needed to figure out what such a system should consist of, rather than launching a system right away.
- We support the recommended changes to Sec. 3 submitted by the Vermont Housing & Conservation Board on April 3, 2019.
- We recommend adding “Ecosystem Services” to the title of Sec. 3 – so it would read “Sec. 3. FINANCIAL INCENTIVES FOR IMPROVING SOIL HEALTH AND ECOSYSTEM SERVICES”
- We endorse the approach of a working group to look into all of this more and report back to the Legislature with recommendations on how to set up a thoughtful PES system.
- We recommend adding “Ecosystem Services” to the working group’s name in Sec. 3(a), 3(b), and 3(d) – so its name would read “The Soil Conservation and Ecosystem Services Working Group”.
- In Sec. 3(a) and 3(a)(1), we recommend adding other ecosystem services in addition to reducing agricultural runoff – for instance, carbon storage and stormwater storage.
- Echoing one of Rose’s points, at the end of Sec. 3(a)(2) we recommend adding floodplains – so it would read “incentivize the reclamation or preservation of wetlands and floodplains.”
- In Sec. 3(b), we recommend that the membership of the working group be adjusted or expanded to include an academic representative and a representative of a science-based conservation organization with knowledge about ecosystem services and payment for ecosystem services frameworks.
- We recommend that the working group be directed to provide meaningful opportunities for input from other interested stakeholders
- Lastly, we urge that water quality funding only be used for payments for ecosystem services that yield clear water quality outcomes.

Thank you for the opportunity to offer these comments. We would be happy to answer any follow-up questions the Committee may have, and we would welcome an opportunity to be involved in the working group’s efforts if one is authorized.

COMMENTS ON SECTION 12 & 13 OF S.160

In addition to the information and perspective my colleague Jim Shallow, TNC's Director of Strategic Conservation Initiatives, offered on forest carbon markets and projects, we wanted to offer the following comments on Sections 12 and 13 of S.160.

- We support efforts to capitalize on forest carbon markets as a revenue source to help landowners keep Vermont's forests as forests for the many benefits they provide to people and nature.
- We're not sure a pilot project led by the Department of Forests, Parks, and Recreation (FPR) is necessary. We have examples in Vermont of a voluntary market project (Middlebury College's Bread Loaf project) and a compliance market project (TNC's Burnt Mountain project that Jim described), and a pilot aggregation project for voluntary markets is already underway (the Cold Hollow Carbon effort that Nick Richardson described).
- We also wonder if adequate financial and staff resources would be available for FPR to effectively implement the pilot project and carbon program as currently written.
- An alternate approach would be to charge the Department with convening experts and interested stakeholders in the off-season to take stock of experience to date with forest carbon projects in Vermont and beyond, consider possible roles for the State/FPR in accelerating the implementation of forest carbon projects, and develop recommendations for the Legislature on any legislative direction needed to accelerate the implementation of forest carbon projects.
- IF S.160 goes forward in its current form with the proposed pilot project and program, we'd suggest the following:
 - Forest carbon projects are complicated, take time, and depend on many factors, and therefore may or may not be viable in a given situation – so even with dedicated effort FPR may not be able to ensure actual enrollment of parcels in either a voluntary or compliance market (especially if that were supposed to be completed by the report-back date of 1/15/21). In that light, we would suggest modifying "shall" in Sec. 12(b) to something less definitive, such as "shall strive to".
 - We would recommend adding language directing FPR to consult with interested stakeholders and parties with relevant knowledge in implementing the pilot project and program. This would seem to fit best both in a new Sec. 12(d) before the current one, and embedded in Sec. 13(b) as well.

- We would recommend having FPR hold off on establishing a forest carbon program until completion of the pilot project, so the program can be informed by experience and knowledge gained in the pilot project.
- As Commissioner Snyder noted, the definition of “high ecological value” in Sec. 13(a)(5) seems too narrow. We would recommend replacing it with priority and high priority forest blocks and connectors identified by the Agency of Natural Resources in the Vermont Conservation Design tool.

Thank you for the opportunity to offer these comments. We would be happy to answer any follow-up questions the Committee may have, and we would welcome an opportunity to be involved in a stakeholder dialogue or working group convened by FPR if one is authorized.