

The Kennebec Land Trust News

No. 9

Late Fall 1994

KLT Acquires New Island Property

Hodgdon Island lies in the heart of Lake Cobbossee, not far from Perry Island which the Kennebec Land Trust (KLT) acquired in 1993. KLT has now been given approximately seventeen acres on Hodgdon Island, comprising nearly the southern half of that island. The gift was made by F.W. Elliott Farr of Gladwyne, Pennsylvania, who with his family has been summering on nearby Belle Island for many years. Mr. Farr recalls having explored the waters around Hodgdon Island in a Rangeley double-ended skiff beginning around 1918, at a time when the lake had few camps and homes.

Today, the southern half of Hodgdon Island, given by Mr. Farr to the land trust, is completely undeveloped and remains in its natural setting. The property includes thousands of

feet of shore frontage as well as three small and jewel-like islets lying just offshore. Thanks to the conservation mindedness and extraordinary generosity of Elliot Farr and his family, this significant island and shoreline property will be protected as a permanent nature reserve at the center of Lake Cobbossee.

How to explore this island property? The best way is to navigate gently along the shore, preferably in a canoe, kayak, or other small boat. The lake around the island and its offshore islets offers wonderful panoramas, including wetlands, small coves, rock outcroppings, deep woods, all amidst the other islands in the north bay of Cobbossee Lake. As with nearby Perry Island, also owned by the land trust, the interior of KLT's Hodgdon Island ownership has no trails, and primitive exploration

Our Mission

The Kennebec Land Trust was formed in 1988 by local citizens who want to work with landowners and communities to protect the natural features, working landscapes, and fragile ecosystems of the Kennebec River and Lakes Region. KLT is a private, nonprofit, membership organization dedicated to preserving these treasures so that we do not spoil the very qualities that make our region a special place to live and visit.

on foot is difficult. No camping and absolutely no fires are allowed.

Any exploration of these islands should be undertaken with extreme care and respect for nature. Since all the northern portion of Hodgdon Island is owned privately, great care should also be taken to respect the private property and privacy of its owners. Says Jeff Pidot of KLT's Board of Directors, who worked with the Farr family on this acquisition and who knows the area well, "Really, the most revealing way to explore the Cobbossee island properties owned by the land trust is in a canoe or kayak along the shore. Here one can pause in silence and observe both the small and the grand wonders of nature among these untouched shorelands."



Perry Island and Hodgdon Island -- Jym St. Pierre Photo

President's Message: Land and Taxes - Part I

While the prime motivation of gifts to the Kennebec Land Trust has been a desire to conserve land for future generations, there are significant, favorable tax aspects available to donors.

1. Income Tax Advantages.

The Kennebec Land Trust is a qualified 501(c)(3) organization to which gifts are income tax deductible. Donations of cash and interests in land qualify for an income tax deduction. Gifts of properties, including stocks, which have increased in value are particularly favorable since donation avoids the necessity of selling the asset and paying taxes on the gain. A full deduction is normally available for the fair market value of the gifted land. A conservation easement is valued at the difference between fair market value of the land with and without the easement. For tax deductions on gifts of land worth more than \$5,000, landowners must obtain a qualified appraisal and there are some percentage limits on charitable deductions established by the Internal Revenue Code which should be considered.

2. State and Federal Estate and Gift Taxes. Gifts of land and conservation easements can

reduce the value of a decedent's estate for purposes of Federal and State estate taxes. Generally the first \$600,000 of assets is not subject to gift or estate taxes. However, the federal estate and gift tax rate for amounts over the exemption is between 37% and 55%. There are a number of techniques ranging from an outright gift to a conservation easement to a charitable remainder trust which can, in the right situation, save a family substantial cash and result in conservation of important lands.

3. Property Tax. One of the real driving forces for conservation has been the increasing property tax burden. Many landowners who have no intention of developing their property are dismayed to find that they are taxed on its development value. There are several techniques for current use taxation such as Tree Growth Tax or the Farm and Open Space Tax Law (*see page 5 of this issue*). A gift of a conservation easement coupled with an open space tax filing can reduce the value of the property by up to 95%, yet the landowner can retain ownership and use of

the property. A gift of the entire ownership can result in the permanent protection of the land and the elimination of the tax burden on the landowner. It is important for any land donor to review with the local assessor the potential impact of a conservation easement gift.

This outline of the tax advantages of land conservation is obviously a brief overview. The Kennebec Land Trust advises all potential donors to review the tax implications of their gift with their legal and financial advisors for an analysis of the specifics of their situation.

It is comforting that in most cases not only will a donor to the Kennebec Land Trust receive the reward of knowing that their donation will protect land in perpetuity but also comforting to know there will be a tangible financial benefit to the donor as well. In the years to come we hope that many will take advantage of this win-win opportunity.

Next time: Land and Taxes - Part II -- The positive economics of conservation.

Howard Lake

Kennebec Land Trust Board of Directors 1994-1995

President - Howard Lake, Readfield; First Vice President - Jeffrey Pidot, Hallowell; Second Vice President - Robert Mohlar, Readfield; Treasurer - Sandra Crockett, Winthrop; Secretary - Normand Rodrigue, Manchester; John Archard, Vienna; Seward Brewster, Manchester; James Connors, Monmouth; David Courtemanch, Mount Vernon; Wendy Dennis, East Winthrop; George Dragonetti, Wayne; Ann Judd, Fayette; Judy Kane, Hallowell; Jane Smith, Manchester; Kenneth Spalding, Wayne; James St.Pierre, Readfield; Paula Thomson, Fayette; Benjamin Townsend, Chelsea; Robert Weston, East Winthrop.

Conserving Wayne Land

On October twenty-fourth, a dozen land trust members and landowners met in Wayne to learn about the land conservation process. The purpose of the workshop, organized by KLT Board member and Wayne resident Ken Spalding, was also to train volunteers to serve on KLT negotiating teams.

KLT President Howard Lake gave a history of the land trust since its establishment in 1988 and told of the seven properties consisting of 300 acres conserved to date.

Jerry Bley, KLT member and a land use consultant, explained some of the landowner's objectives and concerns in arriving at a conservation plan. One critical task is often to arrive at a consensus among family members as to the conservation and financial goals for the property.

KLT Vice President Jeff Pidot explained the techniques used by KLT on its various properties (see *KLT News Number 8, Summer 1994*). He also detailed the terms of a conservation easement which is an agreement between the landowners and the land trust limiting certain uses of the land.

Howard Lake outlined the tax implications of conservation giving and Ken Spalding explained the KLT acquisition process.

KLT was pleased with the interest and support in Wayne and we hope to repeat this in other locations around the region. We also want to thank those who participated including Lincoln and Gloria Ladd who hosted the event.

Vaughan Woods Work Party

On Saturday, October twenty-ninth, the Friends of the Vaughan Woods held their annual work party and clean-up at this property in Hallowell. A group of more than thirty Friends spent the morning performing maintenance work on the trails and bridges in the 150-acre Vaughan Woods preserve. The Vaughan Woods is protected by a conservation easement donated in 1990 to the Kennebec Land Trust through the generosity of its owner, Diana Gibson.

The 1994 work party was the largest and most ambitious yet, with groups working on placing gravel and mulch on the trails, refitting water bars, installing rock steps and stone walks, as well as undertaking significant bridge reconstruction work. We are grateful to all who pitched in. Special mention goes to Dick Barrett, who once again this year provided the construction equipment necessary for the bridge work; Frank Wingate, who provided loading equipment for gravel and mulch; Sam Webber, Kevin McGinnis, and Mike Barden, each of whom provided pick-up trucks; and George Gibson who made it all happen.

Anyone interested in helping out in future Vaughan Woods work parties should please call Jeff Pidot at 622-4394.

KLT Phone Number

Don't forget that if you want to contact KLT, we now have a Winthrop phone number. Call (207)377-2848 to learn about the land trust or for other KLT information.

New Membership Secretary

For several years the job of preparing mailings for new members and maintaining KLT's membership database has been handled by dedicated volunteers. As KLT has grown it has become clear that we needed to hire part-time help to handle the extensive membership responsibilities.

We are pleased to announce that KLT has hired Douglas Scott of Monmouth as Membership Secretary. Doug has extensive experience with computer database management as well as with sales and marketing. He will be working with KLT to update our membership operations. Welcome aboard, Doug.

Board Activities

Since the last newsletter, KLT has:

- ◆ continued negotiations with a number of landowners concerning conservation projects;
- ◆ elected several new board members and new officers;
- ◆ adopted a statement of land trust standards and practices to ensure the continued sound functioning of KLT as a nonprofit organization serving the public interest;
- ◆ endorsed a new stewardship fund policy to ensure that KLT continues to have adequate financial resources to provide long-term exemplary stewardship for our conservation lands;
- ◆ participated in a conference on the future of Cobbossee Lake;
- ◆ conducted field trips to our two newest conservation properties and held our annual meeting;
- ◆ hosted a statewide convocation of land trusts.

Annual Meeting

The sixth annual membership meeting of the Kennebec Land Trust was held on July 17, 1994, at the Kents Hill School in Readfield. Prior to the meeting, there was a walking tour of the Wyman Memorial Forest on Monks Hill in Readfield. This beautiful forty-acre property overlooks Shed Pond, an undeveloped gem of a lake on the Manchester boundary.

The tour of the Wyman Forest was followed by a late afternoon reception at Bearnstow, a sixty-acre lakefront educational facility

spoke about stewardship activities.

John Archard, George Dragonetti, Howard Lake, Robert Mohlar, and Paula Thomson were reelected as directors. Ben Townsend and Robert Weston were elected as new directors.

After dinner, on behalf of the heirs of Walter and Alice Wyman, Bill Wyman accepted a special plaque to be placed on permanent display at the Wyman Forest on Monks Hill.

In recognition of her contribution of a conservation

Stewardship

KLT's fledgling stewardship committee covered a lot of ground in 1994, both literally and figuratively. Norm Rodrigue, committee chair, reports that he, George Dragonetti, and Dave Courtemanche visited a number of properties over the past year.

"We love working on stewardship", says Rodrigue, "Dave, George, and I get to balance paperwork with great field trips and the job will only get better as we acquire and protect more properties."

The committee's field trips this year included: Monks Hill (Wyman donation), Fogg Farm, Perry Island, Torsey Pond Tract, and the Avery/Smith donation on Echo Lake in Readfield. The committee's focus is establishing good documentation on the condition and use of the trust's properties. "We walk the boundary of each property and look for any encroachments or violations of deed covenants and trust policies" says George Dragonetti.

The committee has been busy indoors as well, developing property inspection forms, setting up stewardship files, and preparing workplans. Recently, Steve Levesque of Farmingdale joined the committee and Steve DeAngelis and Tara Wicks of Readfield volunteered to assist the committee with its stewardship responsibilities. Thanks go to Roy Bouchard of Belgrade, another volunteer, who made a sign for the Wyman property.

The stewardship committee encourages KLT members to volunteer their time on stewardship projects. Call Norm Rodrigue at 622-6204 for more information on how you can help.



Bill Wyman, Ruth Gruaert, and Howard Lake at the Annual Meeting -- Jym St. Pierre Photo

on Parker Pond in Mount Vernon. Guided tours were given by Bearnstow campers and staff.

In the evening, dozens of KLT members and guests attended the annual dinner and meeting at Kents Hill. Land Trust President Howard Lake summarized highlights of the past year and KLT's financial and membership status. Jeff Pidot reported on the work of the Lands Committee. Jym St. Pierre recapped accomplishments in education and outreach. Norm Rodrigue

easement on her Bearnstow property, owner Ruth Gruaert accepted two mementos from KLT. Ms. Grauert told stories from her half century of experiences running a childrens' camp at Bearnstow.

Finally, awards were presented to Board directors John Archard, Deborah Clark, and Paula Thomson for their outstanding volunteer work for the land trust.

Thanks to all who organized and attended this meeting!

Tree Growth, Farm, and Open Space Taxation - Their Role in Land Conservation

The Maine constitution allows land to be taxed on the basis of its current use as opposed to its so-called 'highest and best use'. Current use taxation values land on the basis of its present use, which is generally more consistent with the level of government services received.

The Tree Growth, Farm, and Open Space tax laws apply the concept of current use taxation to forestlands, farmlands, and open spaces in Maine. The Tree Growth Law applies to forested lands used primarily for the growth of trees to be harvested for commercial use. The Farm and Open Space Law applies to land used for farming, agricultural, or horticultural activities and may include woodland and other unused areas within the farm unit; and to undeveloped lands restricted in use to provide a public benefit by conserving scenic resources, enhancing public recreation opportunities or preserving wildlife or wildlife habitat.

Values of forestlands taxed under the Tree Growth Law are determined annually by the State Tax Assessor based on average forest growth rates and recent sales of forest products in each county or area in the state. In the case of farmlands, land values are determined by the town assessors based on the current use value of farmland utilized for agricultural or horticultural purposes taking into account a variety of factors. The current use value for open space land is also determined by local assessors. Reductions to fair market values range from a 20% reduction for simple open space up to a 95% reduction in value

on lands permanently protected from any development and open to public access.

Landowners may apply for these preferential tax treatments on parcels that meet classification requirements, but enrollment in these taxation programs also carries an obligation to maintain the current use. Once a parcel is accepted and taxed at current use rates it is subject to penalty if it is withdrawn. Landowners need to carefully consider their long term objectives for the use of land, and how the obligation of preferential tax treatment fits those plans.

The Tree Growth Tax Law

To qualify for taxation under the Tree Growth Tax Law a landowner must file an application with the local tax assessor with accompanying documentation. The application must include a forest type breakdown, and certify that a professionally prepared forest management and harvesting plan is in effect. Forest management plans are prepared by Maine Licensed Professional Foresters and must be updated every ten years.

Parcels taxed under tree growth can be sold and transferred without penalty, but the tax classification is also transferred and an updated application must be filed.

Recent changes in the Tree Growth Law have created a window of opportunity for some owners to switch from tree growth classification to open space, if this more accurately reflects current and planned use of the property. Landowners of parcels of 100 acres or less that

have been taxed as forestland for personal use, who do not plan to manage their woodlands for commercial purposes, have until April 1, 1996 to either comply with the requirement for management plans and commercial intent, or apply for open space classification.

The Farm and Open Space Law

Recent changes in the tax laws make open space tax treatments more attractive to some landowners. The opportunity to file for open space classification has been broadened, but the obligations that accompany this treatment have also been sharpened. In return for taxation of a parcel as open space it must provide public benefits such as maintenance of significant undeveloped areas, and opportunities for public access on a reasonable basis for such activities as hunting and fishing, low-impact outdoor recreation, and nature appreciation.

Applications for treatment as open space lands are filed with the local tax assessors with an accompanying map showing different land types.

Conclusions

Landowners need to carefully consider their objectives and plans for the forest and open spaces in their care, and how these taxation options can fit into those plans.

For more detailed information, contact the Maine Bureau of Taxation, State Office Building, Augusta, ME 04333, 287-2076 or 1-800-773-7895. Ask for Property Tax Bulletins No.18 and No.19.

KLT Deserves Your End-of-Year Support

There are now approximately 1,000 land trusts supported by close to a million people nationwide. As a social trend the land trust movement is achieving a legitimacy and level of effectiveness never before realized by conservation-minded citizens in our country. Land trusts are the close-to-home way to protect the special places we cherish.

Unlike other organizations, KLT has never flooded your mailbox with endless requests for money. We simply remind you to send your yearly membership

dues. We always try to treat our members as though they were our friends and neighbors because you are our friends and neighbors. But we all know it does require money to do our conservation work.

The end of the year is an especially important time to remember how much the Kennebec Land Trust deserves support from each of us. KLT is the only conservation organization working exclusively to protect the landscape of the Kennebec River and Lakes Region.

Please consider supporting the work of KLT through:

- ◆ an end-of-year contribution to supplement your dues;
- ◆ a gift membership for a family member or friend;
- ◆ a designated contribution through the Kennebec Valley United Way campaign;
- ◆ a special donation earmarked for our Stewardship Fund;
- ◆ a gift of appreciated securities or property that can be sold to raise funds for land protection.

Donations are tax deductible to the extent allowed by law. **Happy holidays.**

Membership in the Kennebec Land Trust, which includes a subscription to this newsletter, is available at the following suggested annual dues levels:

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|-------------------|-----------------|
| Individual | \$15.00 |
| Family | \$25.00 |
| Supporting | \$50.00 |
| Sustaining | \$100.00 |
| Sponsoring | \$250.00 |

Occasionally, the Kennebec Land Trust makes its membership list available for mailings by others. Members who do not want their names exchanged should send written notice to KLT.



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The Kennebec Land Trust

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