

Cornwall Conservation Trust, Inc.
P.O. Box 74
West Cornwall, Connecticut 06796

February 2, 2015

To: Sen. Ted Kennedy, Jr.; Rep. James Albis, Environment Committee Co-Chairs; Sen. Clark Chapin and Rep. John Shaban, Ranking Members

Re: S.B. No. 347 AN ACT CONCERNING THE PERCENTAGE OF STATE AND FEDERAL FUNDS THAT MAY BE USED TO PURCHASE OPEN SPACE UNDER THE OPEN SPACE AND WATERSHED LAND ACQUISITION PROGRAM.

Background:

Under CGS 7-131g(c), the Department of Energy & Environmental Protection (DEEP) caps the total amount of federal and state grant funds that can be used to conserve land through both the Open Space and Watershed Land Acquisition Program and the Community Investment Act at 70% of the land's total appraised value (the "70% Cap Rule"). This means that Cornwall Conservation Trust, Inc. that is trying to protect valuable conservation, agricultural, and recreation lands must raise at least 30% of the value of the land from non-state, non-federal sources. In addition, DEEP has interpreted the language in the statute to mean that the 70% cap applies only to the appraised value of the property, and it does not recognize the many costs to Cornwall Conservation Trust associated with a transaction (appraisals, surveys, legal/closing costs, stewardship expenses, etc.) as part of the 30% non-state, non-federal match.

Issue with the 70% Cap Rule:

Cornwall Conservation Trust, Inc. (CCT) is working on protecting approximately 85 acres of forest and farmland in Cornwall, Connecticut. CCT entered into a purchase agreement with land owner on a bargain sale basis for \$900,000 (the appraised value was approximately \$1,200,000). CCT was awarded an FFRP USDA grant of \$395,000. CCT was also awarded an Open Space Grant by DEEP for up to \$450,000. CCT raised private contributions of approximately \$95,000 assuming that CCT would receive the full amount of both grants (\$845,000) and that together with the private funds raised would have been sufficient to cover the purchase price plus expenses of the transaction. However, DEEP applied the 70% Rule to CCT's transaction and reduced the DEEP grant by approximately \$22,000 leaving a gap in the amount needed to complete the transaction. We will seek additional private funding but that would have been unnecessary but for the 70% Cap Rule.

Recommendation:

CCT asks that the General Assembly 1) eliminate the 70% Cap Rule by removing the last sentence in CGS 7-131g(c), which currently reads, "A potential grantee may use funds made available by the state and federal government to fund not more than seventy percent of the total cost of any project funded under the program"; and 2) encourage DEEP to recognize the total costs of land transactions (appraisals, surveys, legal/closing costs, stewardship expenses, etc.) if it wishes to document "local match" to a project.

