

# The South Carolina Conservation Bank

## Two Years of Progress

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South Carolina is in the heart of one of the fastest growing regions of the United States. From 1900 to 1950, the state's population steadily grew from approximately 1.3 million to 2.1 million, a 58% increase. However, during the next 50 years, by the year 2000, the state's population grew some 90% as industry saw significant increases, fueling the expansion of our cities and suburbs.

South Carolina was largely a rural society prior to 1950, with the majority of its citizens living outside of urban areas as defined by the U.S. Bureau of Census.<sup>1</sup> However, the 1970s were a pivotal period, and now more than 60% of South Carolinians live in urban areas. This growth has diversified the economy and population, and is likely to continue. South Carolina's current population is estimated at 4.2 million, and projections estimate five million by 2030, resulting in a 21% increase. The state ranks 19<sup>th</sup> in growth rate among the fifty states.<sup>2</sup>

Even with such rapid growth, South Carolina still retains a largely rural landscape, rich in natural resources, agriculture, and forest lands; and it possesses a wealth of diverse, high quality natural habitats and wildlife populations. But with this growth the state is losing lands to development at a rate unmatched in its history. In a recent study, South Carolina ranked in the top ten states for acres converted to developed land.<sup>3</sup>

While development certainly brings socio-economic benefits, it also has its costs. Notably, the impact on our environment from development increases our costs for protection of air, water and land resources from environmental pollutants. An important example of these impacts and potential costs is the ground level ozone non-attainment status<sup>4</sup> that the state now faces which potentially could result in the loss of federal highway funds should the state not come into compliance with Clean Air Act standards.<sup>5</sup>

Additionally, as development encroaches on natural areas, costs increase for the management of rivers, ocean fronts and marine resources (e.g., fish and shellfish industries), and the landscape becomes more fragmented by transportation corridors (especially in a state with negligible mass transit). South Carolina's tourism industry is one of the state's largest economic forces, representing more than \$2 billion annually, and loss of natural lands and waterfronts to urban expansion significantly impacts this industry.

Minimizing these adverse affects on environmental resources and landscapes requires wise planning that incorporates principles of environmental sustainability and balanced development. A balanced approach to development provides conservation programs that protect the heritage of open lands, diverse wildlife habitats, rich water resources, traditional family farms, timberlands, and historic sites. Sustaining these resources is

necessary for preservation of South Carolina's position as an attractive location for tourism and progressive businesses and industry.

State-supported land conservation banks have become an effective tool in the preservation of natural lands and waterways throughout the United States. Generally, conservation banks set aside state funds in a trust from which awards are granted, or low interest loans are issued, for lands that are placed under conservation easements. These easements specify a preservation program that will maintain a property's ecological and/or historic resources and value.

The South Carolina Conservation Bank Act was passed in 2002 and, beginning in 2004, 25 cents from each \$1.30 of Documentary Deed Stamp fees from property sales is placed in a trust fund for the Conservation Bank. The Conservation Bank's Board of Directors makes grants or low interest loans to land preservation projects that meet the "conservation criteria" and "financial criteria" specified in the Conservation Bank Act. Conservation criteria include preservation of significant ecological features or habitat, threatened or endangered species, historical or archeological resources, significant farm and forest lands, greenways and parklands. Financial criteria require reasonable costs for a project, taking into consideration the degree to which a project leverages trust funds by including matching funds or in-kind assets or services from other sources.

By providing financial support, the Conservation Bank makes it easier for more landowners to protect property with conservation easements. The Conservation Bank owns no lands. A landowner may sell conserved property to an eligible trust fund recipient, or sell or donate conservation easements and retain ownership and traditional use of the land. Qualified trust fund recipients in South Carolina include the 33 nonprofit land conservation organizations of the South Carolina Land Trust Network located throughout the state.<sup>6</sup> A landowner who donates a conservation easement to a land trust can take a tax deduction of up to 50% of his/her adjusted gross income. If the value of a donation exceeds this limit, the deduction can be carried forward for up to 15 years.<sup>7</sup>

The South Carolina Conservation Bank has been in operation for two years and has made significant progress in preserving our environmental resources and historic sites. The Table below summarizes lands preserved under the Conservation Bank's programs. In two years, more than 72,000 acres have been placed in conservation easements, and the Conservation Bank's programs increased in its second year by 45%.

The financial services provided by the Conservation Bank give more options to conservation organizations and conservation-minded landowners to preserve the state's landscapes. At the local level, this preservation affects land-use planning and can be an effective tool for community planners by providing a balance to South Carolina's expanding urban and suburban infrastructure. Keeping this balance will sustain South Carolina's natural resources and quality of life, two assets that attract the progressive business and industry that fuel socio-economic progress.

TABLE  
SUMMARY OF GRANTS FUNDED BY  
THE SOUTH CAROLINA CONSERVATION BANK

<b>FISCAL YEAR 2004-2005:</b>	<b>#ACRES</b>	<b>FUNDING</b>
FORESTLANDS/WETLANDS	27,334	\$10,398,272
URBAN PARKS	120	\$723,000
FARM LANDS	2,010	\$2,949,245
HISTORICAL LANDS	310	\$341,250
TOTALS	29,774	\$14,411,767
<b>FISCAL YEAR 2005-2006:</b>	<b>#ACRES</b>	<b>FUNDING</b>
FORESTLANDS/WETLANDS *	42,468	\$14,137,000
URBAN PARKS	111	\$2,340,340
FARM LANDS	396	\$576,000
HISTORICAL LANDS	137	\$1,614,200
TOTALS	43,112	\$18,667,540

\* The South Carolina Conservation Bank partnered in a fee purchase of 38,949 acres providing 20% of the cost at \$10,000,000 and is included herein.

*About the Author*

Jeffery L. Beacham, Ph.D., is the Director of Environmental Research and Service at the Institute for Public Service and Policy Research at the University of South Carolina. He has served on the faculties of the Department of Ecology and Evolution at the State University of New York at Stony Brook, and the Biology Departments of Baruch College of the City University of New York and the State University of New York at Farmingdale. Additionally, Dr. Beacham currently serves as Executive Director of the Conestee Foundation and is Chairman of the South Carolina Environmental Excellence Program in collaboration the S.C. Department of Health and Environmental Control.

Prior to arriving at the Institute, he served over 12 years as a senior scientist at two major environmental consulting firms.

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ENDNOTES

<sup>1</sup> U.S. Bureau of Census. (2005). *Interim state population projections*. Washington, DC: Author.

<sup>2</sup> Ibid.

<sup>3</sup> London, J. and Hill, L. (2000). *Land conservation in South Carolina: state makes top ten list*. Report prepared by the Jim Self Center on the Future. Clemson, SC: Clemson University. See <http://www.strom.clemson.edu/publications/london/conversion.pdf>.

<sup>4</sup> Ground level ozone in the stratosphere (the atmospheric layer 7 to 10 miles or more above the earth's surface) does not meet one or more of the National Ambient Air Quality Standards for the criteria pollutants designated in the Clean Air Act.

<sup>5</sup> See Beacham, J. (2003). South Carolina's ozone challenge. *Public Policy & Practice*. Vol. 2 No. 3, pp. 4-7. Additionally, see Gardner, J. (2005). Clearing the air: bring South Carolina's ozone under control. *Public Policy & Practice*. Vol. 4 No. 2.

<sup>6</sup> See the S.C. Land Trust Network at <http://sccbanc.sc.gov/TrustFundRecip.html>.

<sup>7</sup> For more information on conservation easements see the Land Trust Alliance at <http://www.lta.org/conserves/options.htm>. Note that in August 2006 the federal tax incentive for conservation easements was expanded from a 30% deduction on adjusted gross income to 50%; and the "carry forward" option was increased from 5 years to 15 years. This expansion ends in 2007; however, efforts are in progress to make this new incentive permanent.