Final Report
of the
COMMITTEE TO STUDY ISSUES CONCERNING
CHANGES TO THE TRADITIONAL USES OF
MAINE FORESTS AND LANDS

December 2001

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I. Recommended Legislation from the Minority of the Committee

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EXECUTIVE SUMMARY

Landowners in the Maine forests have been leasing land to individuals and businesses for recreational and commercial camps for over 100 years. Leasing the land, rather than selling it, allowed the timber companies who owned the land to retain ultimate control over use of the land, while earning revenue and sharing recreational resources of the land with Maine families and businesses.

But an unprecedented change since 1990 in the ownership and use of large tracts of forestland in Maine has intensified uncertainty regarding public recreational use of privately owned forestlands and the tradition of leasing lots for family camps and commercial sporting camps. The Maine Legislature created 2 study commissions in response to these changes – the Committee to Study Access to Private and Public Lands in Maine and the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands. This is the report of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands, which focused on possible changes to the leasing tradition.

The Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands was created by Joint Study Order, House Paper 1391 as amended by House Paper 1393. The committee consisted of 7 members: 5 legislators, 1 representative of the Department of Conservation and 1 representative of the Land Use Regulation Commission. The committee held 4 meetings during the fall of 2001, including a meeting in Millinocket to take public testimony from individuals and commercial sporting camp owners who lease land. At meetings in Augusta, the committee took testimony from landowners regarding the history of leasing and current leasing policies.

As a result of its information gathering efforts, the committee makes the following recommendations.

Recommendations

Leasing of camps and visits to sporting camps in the Maine woods are cherished traditions, but the future of those traditions is uncertain. Timber companies created and maintained the leasing tradition for decades, and many people came to rely on and expect the tradition to continue. Sporting camp owners invested in improvements to their facilities, camp owners expanded camps and made plans to pass camps on to future generations. But changes in the ownership and use of the Maine forests, including the sale of vast holdings to individuals whose plans may not be consistent with the leasing tradition, threaten changes in the leasing tradition.

The committee is aware of only a few lessees whose leases have actually been terminated following land sales in recent years. But lessees have already been affected by the threat that future land sales may result in future lease terminations. The trust and expectation is gone; camps are more difficult to sell, and financial institutions may be less willing to lend money to commercial sporting camps or individual camp owners to purchase or upgrade facilities.
The Legislature should act to ensure fairness in the relationship between lessors and lessees, by requiring disclosure and certain minimum standards. The Legislature took similar action when it enacted laws regulating the relationship between mobile home park owners and the mobile home owners who leased lots from those owners.

In formulating recommendations, the committee struggled with the need to balance a variety of conflicting rights and interests: the rights of private land owners, the importance of freedom of contract, and the long-standing interests and expectations of owners of commercial sporting camps and recreational camps and homes.

Of primary concern is the difficulty that camp owners would have in retrieving any value from camps if lot leases are terminated. Deconstructing the camp, finding another location for it, and moving the pieces may be costly if not impossible. New landowners who terminated leases have generally compensated the lessee for the value of the camp left behind, but that compensation has been provided at the option of the new owner and is not a guarantee for other lessees. Many leases provide several months to remove property after lease termination, but lease terms vary.

Camp owners may also be given the first option to buy the lot on which their camp sits, but this too is generally provided at the option of the landowner, and is not guaranteed.

The committee unanimously recommends that a statute be enacted to set minimum standards for the relationship between landowners and lessees who occupy or build seasonal or year-round camps or homes, sporting camps, campgrounds, or retail stores on leased land within the jurisdiction of the Maine Land Use Regulation Commission (LURC). The statute must require a formal written lease, a property boundary description, notice requirements, a right of first refusal to purchase the leased lot, and a term of one year to remove structures from leased property following termination of the lease.

Two members of the Committee wanted to provide additional protections for sporting camp owners. Those business owners had asked the committee to consider requiring that the term of a commercial sporting camp lease be long enough to enable them to obtain loans to improve the business. Banks generally will not make loans for a period longer than the lease term. In order to borrow money and pay it back over a reasonable period of time, camp owners seek lease terms of at least 10 years. Senator John Martin stated that the continued operation of sporting camps and the continued investment in improvements by camp owners are important to the economy of Northern Maine. It is therefore appropriate for the State to take property by eminent domain if necessary to ensure that commercial sporting camps can continue to operate and improve. Senator Martin therefore proposed the following recommendation, which Representative Ray Pineau also supports.

A minority of 2 members recommends, in addition to the majority recommendations described above, that sporting camp owners be guaranteed a lease term of at least 10 years, to ensure that they can invest in their businesses without fear of being deprived of the business’ value. If a landowner refuses to grant a 10-year lease after negotiating with the sporting camp owner, the State will be required to take the land by eminent domain and lease it to the sporting camp owner.
Although the majority of the committee did not support using the state’s eminent domain powers to ensure continued leases for sporting camp owners, all members wanted to express support and appreciation for commercial sporting camps and to urge landowners to respect the tradition of those commercial camps. The committee felt that a Joint Resolution of the Legislature recognizing the contribution of such camps to the culture and economy of the State would be an appropriate expression of their support.

The committee unanimously recommends that a member of the committee seek introduction of a Joint Resolution recognizing the contribution of commercial sporting camps to the culture and economy of the State and urging landowners who lease land to the camp owners to continue to respect the tradition of sporting camps in the State.

Mainers and others from the Northeast and beyond venture into Northern Maine for recreation, bringing dollars to the State and local economies. The exact amount of economic impact of such visits is not known. Understanding the impact would help legislators and others make policy decisions about Northern Maine. One level of analysis would be to look at the impact of the loss of the leasing tradition – i.e., the loss of sales of groceries, gas, building supplies and other supplies to camp owners and visitors, and the loss of employment at sporting camps. A second level would be an analysis of the impact of loss of all public access to Northern Maine forests for recreation– the anticipated decline in visits by outdoor enthusiasts and dollars associated with that decline. The committee believes that policy makers should have the benefit of that second level of analysis to determine the extent to which loss of public access would affect the Maine economy and regional economies.

The committee unanimously recommends that the economic impact of loss of public access to the Maine forests be calculated. Impact on regional economies as well as the State must be determined. Although the committee is not recommending a specific funding source or state agency to conduct the analysis, it urges interested parties to work to find a way to have these analyses performed.

The committee is concerned that as large blocks of industrial forestland are sold and divided more and larger tracts, in addition to being unavailable for recreational camp leases, will be unavailable for traditional outdoor recreation by the general public. No state agency systematically tracks land transfers. Monitoring sales of large tracts of forestland is a basic information-gathering step essential to understanding ownership patterns and potential changes in use. The committee strongly endorses the recommendations regarding tracking land sales made by the Committee to Study Access to Private and Public Lands in Maine. The legislation proposed by the Access Committee includes provisions to implement these recommendations.

The committee unanimously endorses the recommendations of the Committee to Study Access to Private and Public Lands in Maine directing State agencies to use information currently collected by those agencies to monitor and report to the Legislature on changes in ownership of forestland.
I. INTRODUCTION

A. Creation of the Committee

Owners of Maine forests have been leasing land to individuals and businesses for family camps and commercial sporting camps for 100 years or more. Leasing the land allowed the timber companies to retain ultimate control over use of the land, while earning revenue and sharing the recreational resources of the land with lessees, mostly Maine residents. Residential lessees built camps ranging from meager shelters to houses worthy of year-round living on the leased lots and commercial lessees built equally diverse sporting camps to cater to hunters, fishermen, snowmobilers and other recreational users of the Maine woods.

Since 1990, there has been an unprecedented change in the ownership of large tracts of forestland in Maine. Industrial landowners, commonly defined as companies that own paper mills or other wood processing facilities in the state, owned an estimated 30% of Maine timberland in 1999 compared to 47% in 1993. During the same period, ownership by investor groups increased from 1% to 15% of timberland in Maine. (Nadeau, 2000) Recent changes in ownership have intensified uncertainty regarding public recreational use of privately owned forestland and the tradition of leasing lots for family camps and commercial sporting camps. In 2000, the legislature established the Committee to Study Access to Private and Public Lands in Maine.

During the past several sessions of the Maine Legislature, a number of bills proposing provisions to protect owners of camps on leased property have been introduced. Most were prompted by increased lease fees, changes in access to leased lots and general concerns for the future of recreational camp leases. In 2001, actual incidents of camp lot leases being cancelled against the desires of the camp owners were brought to the attention of legislators and publicized in newspapers. In each of the cases, existing leases had been transferred as part of a substantial land sale. Although the number and type of land transactions differ in each case, the ultimate owner of the land in each case has decided not to continue one or more of the leases on the newly acquired property.

These incidents gave rise to concern among the thousands of people who hold leases on camp lots in Maine. That concern found its way to the Legislature in the form of legislation, LD 1823, Resolve, to Create a Commission to Study Issues Concerning Changes to the Traditional Uses of Maine’s Forests and Lands, Including Camp Lot Lease Arrangements and Public Enjoyment. LD 1823 was introduced as an after deadline bill in June of 2001 and was not referred to a committee. The bill was not enacted, however a Joint Study Order was passed which established a study committee consisting of 5 legislative members with duties similar to those proposed in LD 1823.
A copy of Joint Study Order, House Paper 1391, as amended by House Paper 1393 is included as Appendix A. A list of committee members is included as Appendix B.

B. Study Process

The Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands convened for the first time in Augusta on August 30th, 2001. Subsequent meetings took place in Augusta on September 28th and December 7th. On October 22nd, committee members traveled to Millinocket to take public testimony from residential lessees, sporting camp owners and business people impacted by possible changes in leasing practices.

At the first committee meeting, the committee invited a representative of a timber company that has leased land for almost a hundred years to talk about the company’s history of leasing. The committee also heard a staff presentation on legal issues, which are discussed in the background section.

At its second meeting, the committee received brief information on the real estate transfer tax, heard presentations from a number of public and private landowners about their leasing history and policies, and took testimony from lessees who did not plan to testify at the October public hearing.

Approximately 75 people attended the committee’s meeting in Millinocket in October, where the committee took testimony from sporting camp owners, seasonal camp lessees, realtors and bank representatives.

At its final meeting, committee members heard testimony from lessees whose leases had been terminated and heard a proposal for legislation from Jon Doyle, representing the Maine Leaseholders’ Association. The committee also formulated and voted on final recommendations.
II. BACKGROUND

A. History of Leasing

The practice of leasing land has a long tradition in northern Maine. Since the 1800’s, huge blocks of Maine’s vast forestlands have been privately owned by land management companies and companies with wood products mills. These ownerships encompass a myriad of lakes and ponds and provide habitat for many game species. Landowners have traditionally accommodated the public’s use of these lands for outdoor recreation, and in the late 1800’s began leasing land for private camps. Early leases typically had water access only. Landowners did not want to sell small parcels creating “in-holdings” within their ownership but were willing to lease land.

The lessor-lessee relationship was beneficial to both parties. The lessee was able to build, maintain and enjoy use of a camp and its environs. The lessor received income from lease fees, however, the income was often secondary to other considerations such as building relationships with business associates, and having outposts in remote areas to aid in fire protection and general oversight of the property.

Beginning in the 1950’s and through the 1970’s, the number of camp leases increased dramatically and the terms of leases became more formalized. During this period Great Northern Paper Company (GNP) created a number of leases on lakes near Millinocket to provide recreational opportunities for company employees and area residents. Landowners saw the demand for camp lots increase as the logging road network expanded and areas previously accessible only by water became accessible by car. The lease lots created by GNP during this period are for the most part surveyed lots.

Since the late 1970’s, the number of lease lots has remained fairly stable, however, the landowners (lessors) have changed, in some cases, several times. In the 1970’s and early 80’s, a phase of major landowners and the State of Maine consolidating their holdings by trading parcels and ending the pattern of “in common and undivided” interest in land resulted in many leases changing hands. For the most part, these sales had little impact on leases. The leases were transferred to the new landowner and similar lease terms continued in effect.

The unprecedented sales of large blocks of forestland in recent years and the termination of a few camp lot leases in 2001 have spurred growing concern among the owners of family camps, residences and commercial sporting camps on leased land in northern Maine. The committee began its work by collecting information on the practices of leasing in the Maine forests from a diverse group of major landowners – a public agency, a non-profit
conservation organization and several private businesses. Information on specific ownerships is provided below and in Appendix C of this report.

First, a few general remarks can be made about leasing practices in the past decade. Despite a continuing demand for camp lots, landowners are not creating new lease lots. In areas where there is a concentration of lots and a public road provides access or is in close proximity to the lots, landowners have sold or are offering camp lots for sale to the lessees. Landowners have adjusted lease fees based on the location, quality, size, valuation and overall desirability of the individual lot. Substantial increases in fees have been phased in to conform to a formula that allows the landowner to recover taxes, administrative costs and a modest return on investment. Leases continue to be for short terms, typically for 1, 3 or 5 year periods with 10 to 15 year lease being negotiated for some commercial leases.

The information below is specific to the individual landowner. These landowners and land managers came before the committee, offered perspectives and answered questions.

**Bureau of Parks and Lands, Maine Department of Conservation.** In 1983 the Joint Standing Committee on Energy and Natural Resources undertook a study of commercial and residential camp lot leases on public lands in Maine and reported to the Second Regular Session of the 111th Legislature. At that time the Bureau of Public Lands within the Department of Conservation administered 417 residential camp lot leases on public lands. The issues, problems and suggested solutions discussed in the 1984 legislative report very closely mirror those described by private landowners and camp owners in 2001.

The bureau had acquired the leases as parts of larger land acquisitions and trades. Two-hundred and seventy camp lot leases continue to be renewed and administered by the Bureau of Parks and Lands. Lease lots concentrated along public rights-of-way have been sold. The bureau does not sell lots that contain significant public resources or if the sale would create significant inholdings. The bureau does not issue new residential leases on public lands but does allow the transfer of existing leases. Maine Statute authorizes the Director of the Bureau of Parks and Lands to renew camp lot leases for a term not to exceed 5 years, and commercial leases for a term not to exceed 15 years. The annual fee for camp leases on public reserved lands may not exceed 10% of the fair market value of the land as determined during each 5-year lease term by the State Tax Assessor. (12 MRSA §1852, sub-§5)

**The Nature Conservancy.** The Nature Conservancy (TNC) owns approximately 185,000 acres of forestland in northern Maine, acquired from International Paper Company in 1998. It administers a total of 26 leases, 19 residential camp leases and 7 commercial leases transferred with ownership of
the land. TNC’s policy has been to continue renewing existing leases. They have allowed leases to be transferred as camps are sold, with one exception. In that case, TNC learned that a particular camp was on the market when approached to transfer the lease. Because of the location of this lot and the relatively high turnover in camp owners, TNC decided not to continue leasing the lot. TNC purchased the camp at the price that the camp owner had agreed upon with the prospective buyer.

**LandVest.** Landvest is an employee-owned, independent company providing services in real estate consulting and appraisal, marketing & sales, and timberland management. Gary Bahlkow and Stephen Coleman, foresters involved with land management in Maine for LandVest clients, provided the committee with a perspective on the demand for large land purchases in interior Maine by individuals. At the request of the committee, they also reported on the status of leases on land surrounding Spencer Lake in Somerset County purchased by John Malone and land in East Middlesex Canal Grant on the northeastern shore of Moosehead Lake purchased by Richard Brown.

LandVest manages land for a variety of landowners with different objectives. Several of their clients have purchased land with existing leases. There is no standard lease used by LandVest clients. Some continue to lease with no or few changes in lease terms. Other landowners choose to cancel leases in accordance with the terms of the acquired lease.

The tract of land pieced together by John Malone in Somerset County accommodated 5 leases under different ownerships. Two of these leases continue, including the lease to King and Bartlett Fish and Game Club. Two lessees have sold their assets to Mr. Malone at an agreed-upon price. Those leases are terminated. The remaining leased lot had no improvements. The lessee was offered a consolation sum at the time the land was purchased by Mr. Malone.

The property in East Middlesex Canal Grant, Piscataquis County, owned by Mr. Brown accommodated 2 leases. The recreational camp lot lease on Big Duck Cove on Moosehead Lake was terminated in September of 2001. The 3-year lease in effect at the time that Mr. Brown purchased the land was due to expire in June of 2002, but the terms of the lease allowed either party to terminate the lease by giving written notice to the other party at least 90 days before the date specified in the notice of termination. Pursuant to this provision, the landowner gave written notice to the lessee in May of 2001, with a termination date of September 7, 2001.

The second lease on the Brown property is a 3-year lease to a commercial sporting camp on Spencer Pond. This lease has not been cancelled. Mr. Bahlkow could not speak for the landowner regarding the landowner’s willingness to continue renewing this lease.
Major Owners of Industrial Forestland and Nonindustrial Private Forestland. Abby Holman, the Executive Director of the Maine Forest Products Council, provided the committee with the results of a 1993 lease policy survey conducted by James W. Sewall Company in 1993. Land managers for the 11 largest landowners in the state were interviewed regarding their lease programs. The primary business of all eleven was the production of forest products. Respondents managed a total of 6,060 recreational leases. The survey results are found in Appendix D.

As part of the committee study in 2001, a questionnaire was sent to 16 landowners and land managers who have recreational lease agreements. Several of the recipients of the 2001 questionnaire were not landowners in Maine in 1993. Most notably, Plum Creek Timber Company is the current owner of much of the land owned by Scott Paper Co. in 1993; the Scott land was sold to SAPPi in 1994 prior to Plum Creek’s acquisition of the land in 1998. Wagner Forest Management Inc. manages 2 large portions of the Great Northern lands sold by Bowater in 1999 and currently held by McDonald Investments and Yankee LLC. The 16 landowners and land managers who responded to the study questionnaire manage a total of 5,484 leases of which 4297 are seasonal and year round residential camp lots and 152 are commercial leases. The remaining leases are used for state and federal government purposes, communication towers, and property management. The survey results, along with a history of leasing on Great Northern Paper land and Pingree family land managed by Seven Islands, are found in Appendix C.

The number of recreational leases held in 1993 by the 11 landowners included in the Sewall survey cannot be readily compared with the number of leases held by the 15 landowners responding to the committee survey in 2001. However, based on the 1993 responses to inquiries regarding the creation of new lots and landowners’ and realtors’ remarks to this study committee in 2001, that the overall the number of recreational leases has declined although not dramatically in recent years is a fair statement. That the number of recreational leases will continue to decline as some landowners offer leased lots for sale seems a fair assumption. How dramatic this decline will be is unknown. Whether or not further division and sale of forestland will result in cancellation by new landowners of existing leases and a dramatic reduction in the number of leases is also unknown.

B. Location of Leases; Value of property

In order to more fully understand the number and location of leases within Maine, committee members asked for a map indicating concentrations of leased lands.
There is no single source of data on leased land throughout Maine, since there is no reporting requirement for such leases. Property tax collecting authorities often have information about leases, since they may send the bill for taxes on the land value to the landowner and the bill for taxes on the structure to the lessee who owns the structure on the leased land. Maine Revenue Services, a bureau of the state Department of Administrative and Financial Services, has fairly comprehensive information on leases within the Unorganized Territory, since the State collects taxes in the UT to pay for state services such as schools and land use regulation. Landowners in the UT generally send lists of lessees to the Unorganized Territory section of Maine Revenue Services, so that tax bills can be sent directly to the structure owner.

A review of records from Maine Revenue Services enabled committee staff to work with LURC staff to prepare the maps included as Appendix E indicating concentrations of leases. These maps show seasonal and year-round camps and homes, sporting camps and other commercial recreational facilities as well as communications towers, sugar leases and leases to state agencies.

The maps indicate that the greatest concentration of leases is in the Millinocket area. This is consistent with the history of GNP leases described in the previous section of this report.

Time and resource limitations did not allow for creation of a highly accurate map. The maps only show information for the UT and show only information voluntarily submitted by major landowners. The same records formed the basis for calculating the value of structures on leased land in the UT, which is approximately $93 million. This is property value subject to state and county taxes. A chart showing property value by county is included as Appendix F.

C. Economic Impact of Leasing

The committee was charged with examining the economic impact of leasing in the State. How much do camp owners and recreational tourists contribute to local, regional economies or to the State in general?

Although the economic impact of tourism in Maine, generally, has been calculated, the impact of leasing has not. Informal comments from the staff at the State Planning Office and a professor at UMO gave the committee a sense of the data needed and the factors to be considered in performing such an analysis. A summary of their comments is included as Appendix G. To determine the impact of camp lot leases, a survey would be needed to find out how often lessees visit their camps, where they come from, how long they stay, where they purchase supplies including gas, food and building supplies, and what would they do if their leases were terminated. Would they lease or buy other property in the same area? Would they lease or buy property
elsewhere in the State? Would they spend their money on other recreational pursuits within Maine?

To determine the economic impact of commercial leases such as sporting camp and campground leases, a survey would need to ask how many people are employed by the camp, how many visitors arrive and for how long, what types of supplies are purchased and where are they purchased, how much is paid in taxes to the state as a result of the business.

The committee did not have the resources to conduct the necessary surveys, so it not able at this time to report on the impact that large-scale lease cancellation would have on Maine or the specific regions where leasing is common. However, the committee believes that an economic impact analysis of changes in use of northern Maine forests is important to guide future policy decisions. A discussion of the committee’s recommendation regarding an economic impact analysis is found in the Recommendations section of the report.

D. Public Testimony from Residential and Sporting Camp Lessees

1. Lessee Concerns -- Public Testimony

Over 75 owners of camps and commercial sporting camps attended meetings of the Traditional Uses committee in Augusta and Millinocket. More than 2 dozen leaseholders testified in person before the committee.

Typical of the comments of lessees is the following, from Rick Sylvester, the owner of a campground on Moosehead Lake:

“It is a different way of life and we love it… We need your help to make sure we can continue this way of life.”

Mr. Sylvester and his wife Jeannine purchased the Seboomook Wilderness Campground from Mr. Sylvester’s father, who invested many years of hard work and his life savings in developing the campground business. The Sylvesters are now uncertain whether they will be able to continue that business. While the current landowner seems content to lease to them, the Sylvesters have heard stories that other recent land sales have resulted in the cancellation of leases, and they realize that there are no protections against a similar fate happening to them in the near future.

Owners of non-commercial, recreational camps have similar concerns. Many have camps that have been in the family for generations, and it has been assumed that the camp will continue to be available to future generations as well. Others have invested substantial sums in building
new homes and remodeling modest seasonal camps into year-round homes.

These investments of money, energy and hopes were based on trust and an expectation of continuity that no longer exists. Lessees asked the committee to require leasing policy to reflect what they believe is fair for landowners and lessees. Among the issues they asked to see addressed are the following.

- **Loss of camp value after a lease is terminated**

  Camp and commercial sporting camp owners asked that landowners be required to compensate camp owners for their camps if a lease is terminated without fault of the lessee. Although leases usually give the camp owner a period of time to remove the camp, it is unlikely that removal is a realistic way to protect the investment in the camp. The camp may be so far from a road that removal is impossible. Even where it’s possible, removal is costly and the camp may be damaged. Commercial sporting camps have several buildings that would have to be moved. In addition, a portion of the value of the sporting camp is in goodwill and reputation as a going business, a value that may be lost altogether with the loss of the lease.

  Some landowners who have terminated leases have voluntarily paid owners for the value of their camps. However, there is no legal right to receive compensation for the camp’s value under the leases held by the people who testified before the committee. Such compensation is left to the discretion of the landowner.

- **Will the lessee have a chance to purchase a lot that goes up for sale?**

  Some leases, such as those by Seven Islands, give the lessee the first option to purchase their leased lot if the landowner decides to sell the lot. People who testified before the committee believe that all lessees should have that right.

- **Duration of lease**

  The length of leases varies from 1 year to 12 or 15. While the leases generally renew automatically at the end of the term, those lessees with shorter leases know that they have no guarantee of renewal from year to year.
• Inability to borrow money to finance purchase or improvements

Uncertainty about the continuation of leases makes some banks wary of lending money to camp and sporting camp owners. One local credit union continues to make loans to both seasonal camps and commercial sporting camps, since the return on the loans justifies the minimal perceived risk. However, that perceived risk could change if lease cancellations increase.

Sporting camp owners often find that a lender will lend only for a term that is the same as the lease term, making it difficult if the owner of the land refuses to sign a lease for a term longer than 3 or 5 years. Other camp owners reported that the landowner lengthened a lease to accommodate the loan term.

The impact of difficulty in borrowing money hits both the camp owners and people who would like to purchase camps. Current owners may find it difficult to sell a camp if prospective purchasers can’t get loans. And they may find it difficult to make improvements.

Another bank suggests that prospective camp owners and camp owners finance their camp purchase or camp improvements with a home equity loan on their primary residence.

2. Experience of Lessees Whose Leases Were Terminated

The committee gathered a list of approximately 10 people whose leases may have been terminated through no fault of their own, and asked staff to find out what had happened to those lessees. Staff attempted to contact the former lessees and invite comment, with the following results: one couple drove from Connecticut to speak with the committee; one lessee commented by phone; and one lessee sent a letter to the committee.

The couple from Connecticut, Ray and Barbara DuCharme, own a camp on Moosehead Lake, on land now owned by a corporation set up by Mr. Richard Brown. According to the Ducharmes, they had a 3-year lease that should have run until June 30, 2002. But Mr. Brown decided to take advantage of a term of the lease that allows the lease to be terminated by either party after 90 days’ notice. The lease was to terminate September 7, 2001. The lease allowed removal of structures by November 1 following the termination. But since the Ducharme’s camp is a mile and a half from a road, removal by November 1st would have been difficult if not impossible. They got a cost estimate of $30,000 to remove the camp and accessory structures, which is close to the total value of the structures without the leased lot. Through their attorney, the Ducharmes asked for
compensation for the camp or an extension of the time for removing the camp, to allow them to remove the camp over the lake once it freezes. According to the Ducharmes, Mr. Brown’s attorneys have not responded to those requests, but instead have filed an eviction action against them. From their experience, the Ducharmes urged the committee to make lease relationships more formal and better defined, and to set time parameters for notice of termination to allow adequate time for removal of property.

A second example of land purchases by an individual occurred in Somerset County. Through several transactions, John Malone acquired land surrounding Spencer Lake. Two of the 5 leases on that land were continued, and 3 were terminated. One of the individuals whose lease was terminated commented by phone spoke highly of Mr. Malone and said that he had been treated fairly. The other 2 lessees did not respond to requests for comment.

A third example involves land held by the Baxter State Park Authority (BSPA), and did not actually result in termination of the lease. Peter McPheters owned a camp on land he originally leased from Great Northern Paper. The land was sold to Baxter State Park Authority in 1997. Mr. McPheters was not aware of the sale until the Authority blocked the road by which Mr. McPheters accessed his camp. BSPA told him that he could not use the road and that the lease is a “life estate”. Mr. McPeheters has continuous right to use the property during his lifetime but that right does not pass on to his heirs.

E. Legal Limits on Regulation of the Landowner-Lessee Relationship

Committee members were aware from the beginning of the study that Constitutional provisions protecting property rights and contracts might limit what could be done to address lessee concerns. But they were equally convinced that the Constitution does not prevent them from taking any action.

The U.S. Constitution prohibits a state from passing laws “impairing the obligation of contracts.” Art. I, §10 This provision has been interpreted to apply to laws affecting contracts, including lease contracts, that are already in effect when the law is passed. A law granting lessees under existing contracts the right to purchase their lots or to continue their leases without regard to the wishes of the lessor would certainly need to be reviewed under the Contracts Clause. Generally, the court would look at the extent to which the law changes the parties’ reasonable expectations and weigh that against the state interest in affecting the relationship. The Contracts Clause would not impair the Legislature’s ability to pass laws affecting contracts to be formed in the future, although a second Constitutional provision – the takings clause – may.
A second type of provision that could impact the committee’s attempt to solve lessee concerns is the Fifth Amendment of the U.S. Constitution and Article I, section 21 of the Maine Constitution, which prohibit the taking of private property without compensation or for a private purpose. A law that takes a “stick” from the bundle of property rights belonging to the fee simple owner of property could well violate the takings clause. For example, one of the bundle of rights owned by a landowner is the right to regain possession of the land after a lease terminates. Taking away this right by giving the lessee the right to continue the lease could violate the Constitution. The state might offer to compensate the landowner for the loss of this right, but opponents would argue that even compensation would not cure this problem. The Constitution allows the state to take and pay for land only if it is for a public purpose. Some would argue that such a law would be for a private purpose – that of the individual lessees. Proponents of the law would argue that the public interest in the economy of the region and the public interest in protecting individual lessees against the excessive power of the large landowners are public purposes to be served by requiring the sale or continued leasing of the land. They would point to a 1984 U.S. Supreme Court case in which the court upheld takings of land by the state of Hawaii. Finding that the history of concentrated land ownership in the State created a public crisis, the state of Hawaii took land and sold it to persons who had been leasing the land for their homes. The Court upheld the state against opponents who said that the takings did not serve a public purpose, since the land was ultimately transferred to private individuals.

Understanding possible Constitutional limits on their action, committee members balanced their concerns for the camp owners with concerns about the property rights of landowners and the importance of protecting contracts from undue interference.
III. RECOMMENDATIONS

Leasing of camps and visits to sporting camps in the Maine woods are cherished traditions, but the future of those traditions is uncertain. Timber companies created and maintained the leasing tradition for decades, and many people came to rely on and expect the tradition to continue. Sporting camp owners invested in improvements to their facilities, camp owners expanded camps and made plans to pass camps on to future generations. But changes in the ownership and use of the Maine forests, including the sale of vast holdings to individuals whose plans may not be consistent with the leasing tradition, threaten changes in the leasing tradition.

The committee is aware of only a few lessees whose leases have actually been terminated following land sales in recent years. But lessees have already been affected by the threat that future land sales may result in future lease terminations. The trust and expectation is gone; camps are more difficult to sell, and financial institutions may be less willing to lend money to commercial sporting camps or individual camp owners to purchase or upgrade facilities.

The Legislature should act to ensure fairness in the relationship between lessors and lessees, by requiring disclosure and certain minimum standards. The Legislature took similar action when it enacted laws regulating the relationship between mobile home park owners and the mobile home owners who leased lots from those owners.

In formulating recommendations, the committee struggled with the need to balance a variety of conflicting rights and interests: the rights of private land owners, the importance of freedom of contract, and the long-standing interests and expectations of owners of commercial sporting camps and recreational camps and homes.

Of primary concern is the difficulty that camp owners would have in retrieving any value from camps if lot leases are terminated. Deconstructing the camp, finding another location for it, and moving the pieces may be costly if not impossible. New landowners who terminated leases have generally compensated the lessee for the value of the camp left behind, but that compensation has been provided at the option of the new owner and is not a guarantee for other lessees. Many leases provide several months to remove property after lease termination, but lease terms vary.

Camp owners may also be given the first option to buy the lot on which their camp sits, but this too is generally provided at the option of the land owner, and is not guaranteed.

The committee unanimously recommends that a statute be enacted to set minimum standards for the relationship between landowners and lessees who occupy or build seasonal or year-round camps or homes, sporting camps,
campgrounds, or retail stores on leased land within the jurisdiction of the Maine Land Use Regulation Commission (LURC). The statute must require a formal written lease, a property boundary description, notice requirements, a right of first refusal to purchase the leased lot, and a term of one year to remove structures from leased property following termination of the lease. Draft legislation to implement these changes is found in Appendix H.

Two members of the Committee wanted to provide additional protections for sporting camp owners. Those business owners had asked the committee to consider requiring that the term of a commercial sporting camp lease be long enough to enable them to obtain loans to improve the business. Banks generally will not make loans for a period longer than the lease term. In order to borrow money and pay it back over a reasonable period of time, camp owners seek lease terms of at least 10 years. Senator John Martin stated that the continued operation of sporting camps and the continued investment in improvements by camp owners are important to the economy of Northern Maine. It is therefore appropriate for the State to take property by eminent domain if necessary to ensure that commercial sporting camps can continue to operate and improve. Senator Martin therefore proposed the following recommendation, which Representative Ray Pineau also supports.

A minority of 2 members recommends, in addition to the majority recommendations described above, that sporting camp owners be guaranteed a lease term of at least 10 years, to ensure that they can invest in their businesses without fear of being deprived of the business’ value. If a landowner refuses to grant a 10-year lease after negotiating with the sporting camp owner, the State will be required to take the land by eminent domain and lease it to the sporting camp owner. Draft legislation to implement these recommendations is found in Appendix I.

Although the majority of the committee did not support using the state’s eminent domain powers to ensure continued leases for sporting camp owners, all members wanted to express support and appreciation for commercial sporting camps and to urge landowners to respect the tradition of those commercial camps. The committee felt that a Joint Resolution of the Legislature recognizing the contribution of such camps to the culture and economy of the State would be an appropriate expression of their support.

The committee unanimously recommends that a member of the committee seek introduction of a Joint Resolution recognizing the contribution of commercial sporting camps to the culture and economy of the State and urging landowners who lease land to the camp owners to continue to respect the tradition of sporting camps in the State. A copy of a draft Joint Resolution is found in Appendix J.
Mainers and others from the Northeast and beyond venture into Northern Maine for recreation, bringing dollars to the State and local economies. The exact amount of economic impact of such visits is not known. Understanding the impact would help legislators and others make policy decisions about Northern Maine. One level of analysis would be to look at the impact of the loss of the leasing tradition – i.e., the loss of sales of groceries, gas, building supplies and other supplies to camp owners and visitors, and the loss of employment at sporting camps. A second level would be an analysis of the impact of loss of all public access to Northern Maine forests for recreation – the anticipated decline in visits by outdoor enthusiasts and dollars associated with that decline. The committee believes that policy makers should have the benefit of that second level of analysis to determine the extent to which loss of public access would affect the Maine economy and regional economies.

The committee unanimously recommends that the economic impact of loss of public access to the Maine forests be calculated. Impact on regional economies as well as the State must be determined. Although the committee is not recommending a specific funding source or state agency to conduct the analysis, it urges interested parties to work to find a way to have these analyses performed.

The committee is concerned that as large blocks of industrial forestland are sold and divided more and larger tracts, in addition to being unavailable for recreational camp leases, will be unavailable for traditional outdoor recreation by the general public. No state agency systematically tracks land transfers. Monitoring sales of large tracts of forestland is a basic information-gathering step essential to understanding ownership patterns and potential changes in use. The committee strongly endorses the recommendations regarding tracking land sales made by the Committee to Study Access to Private and Public Lands in Maine. The legislation proposed by the Access Committee includes provisions to implement these recommendations.

The committee unanimously endorses the recommendations of the Committee to Study Access to Private and Public Lands in Maine directing State agencies to use information currently collected by those agencies to monitor and report to the Legislature on changes in ownership of forestland. A copy of these recommendations is found in Appendix K.
APPENDIX A

Joint Study Order (House Paper 1391 as amended by House Paper 1393)
WHEREAS, individuals from out of state have recently purchased large tracts of land in the State, including a recent purchase of over 20,000 acres of land in the unorganized territory around Moosehead Lake, known as the Township of East Middlesex; and

WHEREAS, there is a long, historic, traditional relationship between landowners and holders of recreational and seasonal leases of camp lots; and

WHEREAS, there is a long history and tradition of public access along private roads, recreation trails and rights-of-way to great ponds; and

WHEREAS, one landowner is now terminating and restricting the existing leases on that individual's land and may close off all public access to the land; and

WHEREAS, such a shift in the traditional relationship between a person leasing a camp lot in the woodlands and wildlands of the State and the landowner may have a negative economic impact on the State; and

WHEREAS, this joint order establishes the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands, which is charged with the duties of assessing the economic and societal impact of the elimination and restriction of camp lot lease arrangements in the State and of developing a plan to address this problem; and

WHEREAS, the Legislature would benefit from a study of these issues; now, therefore, be it

ORDERED, the Senate concurring, that the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands is established as follows.

1. Committee established. The Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands, referred to in this order as the "committee," is established.

2. Committee membership. The committee consists of 7 members appointed as follows:

A. Two members of the Senate appointed by the President of the Senate, who shall give preference to members representing the unorganized territories in the State and members who serve on the Joint Standing Committee on State and Local Government or the Joint Standing Committee on Natural Resources;
B. Three members of the House of Representatives, appointed by the Speaker of the House, who shall give preference to members representing the unorganized territories in the State and members who serve on the Joint Standing Committee on Agriculture, Conservation and Forestry, the Joint Standing Committee on Taxation or the Joint Standing Committee on Judiciary;

C. The Commissioner of Conservation or the commissioner's designee is invited to participate as a member of the committee; and

D. The Governor is invited to appoint one representative from the Maine Land Use Regulation Commission.

3. Chairs. The first named Senate member is the Senate chair of the committee and the first named House of Representatives member is the House chair of the committee.

4. Appointments; meetings. All appointments must be made no later than 30 days following the passage of this order. The Executive Director of the Legislative Council must be notified by the appointing authorities once the appointments have been made. When the appointment of all members has been completed, the chairs of the committee shall call and convene the first meeting of the committee no later than August 15, 2001.

5. Duties. The committee shall study the economic and societal impact of the termination of camp lot lease arrangements and of the public enjoyment of state lands, including the lands of the unorganized territory, and develop a plan to preserve the traditional camp lot lease arrangements in and public enjoyment of state lands.

A. In conducting the study, the committee shall examine and report on the following issues:

   (1) The history of and recent changes to camp lot lease arrangements in state lands, including those of the unorganized territory;

   (2) Efforts to help promote the State's working forests;

   (3) The economic impact of the termination of camp lot leases and of the closing of public access;

   (4) The economic impact of the real estate transfer tax program and the maintenance of land for tree growth;

   (5) Issues of colonial law and any other legal implications arising in this context;

   (6) The traditional camp lot lease arrangements in the state lands purchased by private individuals; and
The impact on individuals whose camp lot leases are terminated.

The plan must, to the extent possible, build upon current efforts and must include an estimate of the costs associated with implementing it.

6. **Staff assistance.** Upon approval of the Legislative Council, the Office of Policy and Legal Analysis shall provide necessary staffing services to the committee.

7. **Compensation.** Members of the committee who are Legislators are entitled to the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, and reimbursement for necessary expenses incurred for their attendance at authorized meetings of the committee. Other members of the committee who are not otherwise compensated by their employers or other entities that they represent are entitled to receive reimbursement of necessary expenses incurred for their attendance at authorized meetings.

8. **Report.** The committee shall submit its report, including the plan required by subsection 5 of this order, together with any necessary implementing legislation, to the Second Regular Session of the 120th Legislature no later than November 1, 2001. If the committee requires a limited extension of time to conclude its work, it may apply to the Legislative Council, which may grant the extension.

9. **Budget.** The chairs of the committee, with assistance from the committee staff, shall administer the committee's budget. Within 10 days after its first meeting, the committee shall present a work plan and proposed budget to the Legislative Council for approval. The committee may not incur expenses that would result in the committee's exceeding its approved budget. Upon request from the committee, the Executive Director of the Legislative Council shall promptly provide the committee chairs and staff with a status report on the committee's budget, expenditures incurred and paid and available funds.
APPENDIX B

List of Members of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands
COMMITTEE TO STUDY ISSUES CONCERNING CHANGES TO THE
TRADITIONAL USES OF MAINE FORESTS AND LANDS
Joint Order, H.P. 1391 & 1393
As Of Monday, November 05, 2001

Appointment(s) by the Governor

Stephen Wight
115 Steeley Road
Newy, Maine 04261
Representing LURC

Appointment(s) by the President

Sen. Paul T. Davis, Sr. Chair
3 Townhouse Road
Bangor, ME 04479
(207) 876-6047

Sen. John L. Martin
P.O. Box 250
Sebago Lake, ME 04279
(207) 444-5556

Appointment(s) by the Speaker

Rep. Sharon Libby Jones Chair
P.O. Box 1191
Seaside, ME 04441
(207) 895-2604

Rep. Roderick W. Carr
14 Peasant Street
Lincoln, ME 04457
(207) 794-3911

Rep. Raymond Pineau
P.O. Box 114
Jay, ME 04239
(207) 897-3898

Pursuant to Joint Order

John Williams
Land Use Regulation Commission
22 State House Station
Augusta, ME 04333
(207) 287-2931
Representing the Department of Conservation
APPENDIX C

### SUMMARY OF RESPONSES TO QUESTIONNAIRE PROVIDED TO MAJOR LANDOWNERS – Revised 10/16/01

<table>
<thead>
<tr>
<th>Land Owner</th>
<th>Total # of Leases</th>
<th>Types of Leases</th>
<th>COUNTRIES</th>
<th>UT/ Munic.</th>
<th>Abut Water?</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Res.¹</td>
<td>Com.</td>
<td>Other²</td>
<td>A</td>
</tr>
<tr>
<td>Seven Islands</td>
<td>348</td>
<td>266</td>
<td>21</td>
<td>61</td>
<td>X</td>
</tr>
<tr>
<td>Baskahegan</td>
<td>20</td>
<td>19</td>
<td>1</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Mead</td>
<td>186</td>
<td>151</td>
<td>11</td>
<td>24</td>
<td>X</td>
</tr>
<tr>
<td>Wagner</td>
<td>459¹</td>
<td>454</td>
<td>5</td>
<td>--</td>
<td>X</td>
</tr>
<tr>
<td>Plum Creek</td>
<td>120</td>
<td>113</td>
<td>--</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Great Northern</td>
<td>969</td>
<td>905</td>
<td>45</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>IP</td>
<td>1120</td>
<td>1100</td>
<td>--</td>
<td>20</td>
<td>X</td>
</tr>
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</table>

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¹ Residential includes seasonal and year-round. Almost all residential leases were described as seasonal. Great Northern reports that 88 of its 905 residential leases are year-round. Irving reports that it is difficult to distinguish seasonal from year-round leases.

² Other includes: game wardens, forest service, other state and federal government, property management, communication towers

³ Excludes tower sites and sugar leases
<table>
<thead>
<tr>
<th>Land Owner</th>
<th>Total # of Leases</th>
<th>Types of Leases</th>
<th>COUNTRIES</th>
<th>UT/ Munic.</th>
<th>Abut Water?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huber</td>
<td>81</td>
<td>72</td>
<td>6</td>
<td>3</td>
<td>X</td>
</tr>
<tr>
<td>Irving</td>
<td>716</td>
<td>708</td>
<td>8</td>
<td>--</td>
<td>X</td>
</tr>
<tr>
<td>?? Clayton Lake??</td>
<td>17 Site Licenses</td>
<td>11</td>
<td>1</td>
<td>5</td>
<td>X</td>
</tr>
<tr>
<td>Fraser</td>
<td>65</td>
<td>64</td>
<td>1</td>
<td>--</td>
<td>X</td>
</tr>
<tr>
<td>Prentiss &amp; Carlisle</td>
<td>1000</td>
<td>975</td>
<td>25</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CMP</td>
<td>63</td>
<td>54</td>
<td>9</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>The Nature Conservancy</td>
<td>26</td>
<td>19</td>
<td>7</td>
<td>--</td>
<td></td>
</tr>
</tbody>
</table>

4 Residential includes seasonal and year-round. Almost all residential leases were described as seasonal. Great Northern reports that 88 of its 905 residential leases are year-round. Irving reports that it is difficult to distinguish seasonal from year-round leases.

5 Other includes: game wardens, forest service, other state and federal government, property management, communication towers.
<table>
<thead>
<tr>
<th>Land Owner</th>
<th>Total # of Leases</th>
<th>Types of Leases</th>
<th>COUNTIES</th>
<th>UT/ Munic</th>
<th>Abut Water?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>A  R</td>
<td>F  R</td>
<td>H  A</td>
</tr>
<tr>
<td>LandVest</td>
<td>8</td>
<td>5</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Maine Dept. of Conservation (Bur. of Parks and Lands)</td>
<td>324</td>
<td>277</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

6 Residential includes seasonal and year-round. Almost all residential leases were described as seasonal. Great Northern reports that 88 of its 905 residential leases are year-round. Irving reports that it is difficult to distinguish seasonal from year-round leases.

7 Other includes: game wardens, forest service, other state and federal government, property management, communication towers

8 LandVest also manages a lease in York County
Seven Islands

Was property already subject to leases when you acquired it?
  Generally, no. The property was acquired in the 1940’s+. There are a few leases that
came with consolidations (exchanges with other owners) during the 1970’s-1990s.

Have you ever sold leased land to lessees?
  Yes

Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the
near future?
  No sales. Maintain good relationship with lessees.

Are you creating new leases?
  Very few.

Baskahegan

Was property already subject to leases when you acquired it?
  No

Have you ever sold leased land to lessees?
  No

Do you have a policy regarding such sales?
  Our policy is not to sell any land

Are you creating new leases?
  No

Mead

Was property already subject to leases when you acquired it?
  Yes

Have you ever sold leased land to lessees?
  Yes

Do you have a policy regarding such sales?
  No

Do you intend to offer to sell land to lessees in the near future?
In selected locations

Creating new leases?
   No

Wagner Forest Management, Inc.

Was property already subject to leases when you acquired it?
   Yes

Have you ever sold leased land to lessees?
   Yes, approx. 60 lease lots to the existing lessee

Policy? Do you intend to offer to sell land to lessees in the near future?
   We are selling lease lots in some areas and will continue to examine the opportunity to sell lease lots in other areas

Are you creating new leases?
   No

Plum Creek Timber Co.

Was property already subject to leases when you acquired it?
   All of the leases were in place when Plum Creek acquired the property in November 1998

Have you ever sold leased land to lessees? Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the near future?
   Plum Creek sold approx. 48 selected leased lots to former lessees or their assignees during December 1999 through March 31, 2001. Plum Creek has policies regarding such sales and intends to continue to offer to sell certain leased lots to current lessees

Creating new leases?
   Plum Creek has no plans to create new leased lots.

Great Northern Paper Co.

Was property already subject to leases when you acquired it?
   Vast majority of leases were created by GNP in the 1950s and 1960s. GNP has been leasing land since 1915

Have you ever sold leased land to lessees? Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the near future?
   We have sold some lease lots to lease holders and we currently have a few more for sale. Sales have been limited to areas where leases are readily accessible to a public road and where the sales would not create significant inholdings within our property.
<table>
<thead>
<tr>
<th>Company</th>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Paper Co.</td>
<td>Was property already subject to leases when you acquired it?</td>
<td>Yes, on some of the land base</td>
</tr>
<tr>
<td></td>
<td>Have you ever sold leased land to lessees?</td>
<td>One-time opportunity still pending</td>
</tr>
<tr>
<td></td>
<td>Do you have a policy regarding such sales?</td>
<td>No, generally a policy not to sell</td>
</tr>
<tr>
<td></td>
<td>Do you intend to offer to sell land to lessees in the near future?</td>
<td>No plans for such sales</td>
</tr>
<tr>
<td></td>
<td>Creating new leases?</td>
<td>No</td>
</tr>
<tr>
<td>Huber Resources Corp.</td>
<td>Was property already subject to leases when you acquired it?</td>
<td>Yes and no. Some property has been owned over 60 years</td>
</tr>
<tr>
<td></td>
<td>Have you ever sold leased land to lessees?</td>
<td>No. None sold and general policy is not to sell and create inholdings. We are considering selling land to one group of camps.</td>
</tr>
<tr>
<td></td>
<td>Are you creating new leases?</td>
<td>No plans currently</td>
</tr>
<tr>
<td>Irving Woodlands, Inc.</td>
<td>Was property already subject to leases when you acquired it?</td>
<td>Yes. All of it</td>
</tr>
<tr>
<td></td>
<td>Have you ever sold leased land to lessees?</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Do you have a policy regarding such sales?</td>
<td>Our policy is to not sell. We see no immediate change in policy</td>
</tr>
<tr>
<td></td>
<td>Creating new leases?</td>
<td>No</td>
</tr>
</tbody>
</table>
### Clayton Lake

Was property already subject to leases when you acquired it?
- Yes

Have you ever sold leased land to lessees?
- No

Do you intend to offer to sell land to lessees in the near future?
- Have not decided yet

Creating new leases?
- No

### Fraser

Was property already subject to leases when you acquired it?
- Yes

Have you ever sold leased land to lessees? Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the near future?
- No/ No/ No

Creating new leases?
- No

### Prentiss & Carlisle

Was property already subject to leases when you acquired it?
- Yes

Have you ever sold leased land to lessees? Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the near future?
- Yes – policy is under a right of first refusal – Yes

Are you creating new leases?
- Not currently

### CMP

Was property already subject to leases when you acquired it?
- Some of the leases were acquired upon purchase of property; most were not.

Have you ever sold leased land to lessees?
- No

Do you have a policy regarding such sales?
Yes. We are not allowed to sell any property at this time.

Do you intend to offer to sell land to lessees in the near future?
  No

Is CMP creating new leases?
  Yes, just started the process this year

---

**The Nature Conservancy**

Was property already subject to leases when you acquired it?
  Yes

Have you ever sold leased land to lessees?
  No

Do you have a policy regarding such sales?
  Yes. We don’t do it

Do you intend to offer to sell land to lessees in the near future?
  No

Are you creating new leases?
  No

---

**LandVest**

Was property already subject to leases when you acquired it?
  Yes

Have you ever sold leased land to lessees?
  Yes

Do you have a policy regarding such sales?
  No single policy. We have a variety of landowners

Are you creating new leases?
  No

---

**Maine Department of Conservation/ Bureau of Parks and Lands**

Was property already subject to leases when you acquired it?
  Yes

Have you ever sold leased land to lessees? Do you have a policy regarding such sales? Do you intend to offer to sell land to lessees in the near future?
Westmanland, Carrabassett Valley, Little Squaw (now Little Moose) in the 80’s and early 90’s. Sales can take place where lots abut public rights of way, and do not create “inholdings” or otherwise compromise public resource values or bureau management. There are 2 other areas where a potential sale could take place: Lincoln Plantation and Frenchtown Twp. In both cases, all lessees would have to agree to the sale.

Are you creating new leases?

No
Great Northern Paper, Inc.
Millinocket, Maine

History of Leasing GNP Land
August 30, 2001

- Great Northern Paper has been leasing land since 1915. The original 1915 lease is still active today after 86 years. The original fee for this lease was $5.00 per year and the lessee was allowed to cut firewood for .50 cents a cord. Our records indicate that a camp was located on the property prior to creating the lease but no other information is available on the origin of this lease.

- Today Great Northern has 969 leases
  - 817 seasonal recreation leases
  - 88 year-round residential leases
  - 45 commercial leases
  - 19 non-profit org. or state gov.

- Lease origin - The vast majority of GNP's leases were created in the 1950's and 60's on the lakes near Millinocket in order to provide recreational opportunities for company employees and area residents. These leases were part of a planned subdivision and all of the lots in this program were surveyed prior to being leased.

- Fees - Today our standard lease fee is 5% of the state assessed valuation on the land plus taxes and an administration fee of $55.00 per year. Residential leased are charged 6% and commercial leases are negotiated on a case by case basis. Firewood cutting by leaseholders is no longer allowed.

- Access – Most of the leases created in the 50's and 60's were water access leases. As roads were constructed in most but no all cases lessees were allowed to use the roads to access their camps. No guarantees are made that the road would be maintained to a high degree or that the roads and or bridges will not be discontinued. In some instances roads are constructed and lessees are not allowed to use them for access. This is usually occurs when the area is being managed for remote character by the company or when we are required to do so by state regulation (LURC). GNP preforms basic road maintenance on its roads and we grant permission to organized lessee road associations to maintain certain access roads to a higher standard if they wish to do so at their own expense. Some of our leases today still have no road access.

- Lease terms and conditions – GNP leases are for 5-year terms, lessees are given the option to purchase if their individual lot is offered for sale, GNP assists
road associations in collecting maintenance fees by making it a condition of the lease.

- **Communications** – Over the years we have encouraged the formation of lessee associations as a way to improve communications between the company and its leaseholders. Each year we are invited and attend many association meetings. We have a news letter that we send out to our leaseholders with information about the company and the lease program. On occasion we have sent special mailings or Dear Lessee letters to our leaseholders when we have had news or information to share with them. We have a full-time lease administrator who is available during normal working hours and can be contacted by telephone, mail, email or personal visit. This person is also available to meet with a leaseholder at the lease site.

- **99-year leases** – we often hear people say that their parents or grandparents had or have a 99-year lease. We have no record of ever granting 99-year leases and it would be out of character for the company to have done so. I have asked many people to bring in a copy of a 99 year lease so I could look at it and no one ever has produced one.

- **Lease Sales** – We have sold some lease lots to our lease holders and we currently have a few more for sale. Sales have been limited to areas where leases are readily accessible to a public road and where the sales would not create significant inholdings within our property.
History of Leasing on Pingree Family Land
Managed by Seven Islands Land Company

September 28, 2001

Seven Islands Land Company manages nearly a million acres of forest land owned by the Pingree family in Northern and Western Maine. The Pingree family has leased land since the late 1800's. Private cottage sites were first leased to aid in fire protection, assist in management and accommodate associates. Among the earliest leases are some on Richardson Lake where camps were built in the 1890's and remain in the original family, or are in at least the third or fourth generation.

During the 1950’s and 1960’s the private logging network became extensive and demand led the owners to create more lots. During the 60's and 70's several individual lots were established, as well as a few small subdivisions. Lease terms were made more specific to protect land values and to conform to environmental and aesthetic requirements. Since the mid-1970’s, a few individual or pairs of lots have been created in most years. Now, the (March 2001) Pingree - New England Forestry Foundation easement prohibits development on approximately 80% of Pingree land.

In the course of land consolidation over the past thirty years, the Pingree ownership has gone from an "in common and undivided" interest spread over nearly two million acres, to 100% interest in less than half that acreage. The result is that we manage fewer leases today than we did 20 years ago. The companies with which we traded interests (Great Northern, Irving, Huber, P&C, etc.) now manage the leases in the towns where they own 100% or the majority interest.

There are currently 348 leases on Pingree land:

265 seasonal recreational camp lot leases
21 commercial recreational (sporting camps, campgrounds…)
17 state and federal agency (DOC, IF&W, Border Patrol…)
44 management & land use (logging camps, radio towers, utilities, sugaries…)
1 residential (in T. 15 R. 15)

Lease fees are based on location, quality, size, valuation, and overall desirability. In 1981, an appraiser looked at many of our lots and found that for the most part rentals represented a very small percentage of market value. He assisted with a lot quality
rating and suggested adjustments to rentals that had been traditionally undervalued. Most adjustments were phased in over a period of 5-10 years. Since then, rentals have increased by 3% per year on average, consistent with overall inflation. Some of the higher valued camp lots, particularly in the Rangeley region, have rentals at less than 3% of market value though, because values have escalated quicker than rental rates.

We try to strike a balance between affordable leases for Maine residents and a reasonable return to the landowners. Ten years ago, three-quarters of our lessees were Maine residents, but as camps are sold and leases transferred, many are being marketed to non-residents. Conversely, as new lots have been created most have been leased by Maine residents. Today about two-thirds of our lessees are Maine residents.

We have a minimal rental fee on agency, management and land use leases to cover our administrative costs. Commercial rates are set on a case by case basis, for example, campground rates are set as a percentage of land-use income while sugary rates are based on yield. We also ask the lessee to reimburse the owners for the taxes paid on the lot.

Most of our leases have road access, particularly the newer ones. The landowners are not obligated to maintain access to the lots, but our leases state that the lessee has the right to pass over other lands of the lessor in going to and from the lease, subject to management practices of the landowner and the rights of others. For example, we require compliance with North Maine woods policies and may close a road during mud season. We perform routine maintenance on our roads and we allow lessees to maintain their spur roads or driveways, at their own expense, within environmental standards. Some leases have water or foot access only, including some that have docking privileges at lots near the access road to the lake.

Recreational leases are written for a five year term while commercial leases may be written for up to ten years. Until about 12 years ago, recreational leases were for a one year term. We switched to five to give lessees more certainty. Leases are customarily renewed at the end of the term, provided the lessee is in compliance. If a recreational lease is not renewed, the terms allow six months for removal of personal property. I only know of one lease that was cancelled in the 29 years I've been with Seven Islands, and that was because the lessee disappeared 20 years ago. In another case we allowed a lessee who was in default to sell his camp to someone who was willing to cure the default as a condition of the lease transfer.
Leases may be transferred upon written approval of the landowner. We ask lessees to give us 30 days notice prior to offering any building for sale or implying a transfer. If the lessee does not have a buyer in mind, we offer to notify people whose names are on our waiting list, but we do not get involved in the transaction except to process the transfer. Usually a transfer can be accomplished within a week or 10 days.

Beginning in 1986, we sold 66 developed camp lots in a 1950’s - 60’s subdivision on Squapan Lake, Aroostook County. We offered lessees the choice of buying or continuing to rent. Over half purchased their lots immediately and all but one purchased within a few years. This was a unique situation - fully developed shorefront, utilities (electricity, telephone), near Presque Isle, good public access and high demand for conversions to residential use. The last lot sold in 1996.

We have not offered other camp lots for sale and have no plans to do so. Most of the lots are surrounded by our working forest and the owners are reluctant to create small in-holdings that have the potential to require public services. We prefer to maintain a close relationship with our lessees and knowledge of what is occurring on our land. We spend a great deal of time working with lessees, from explaining our policies, to laying out and monitoring driveway construction, ensuring LURC compliance, approving hazard tree removal, giving permission for special activities and even discussing water levels.
TESTIMONY OF JOHN TITUS
BUREAU OF PARKS AND LANDS
MAINE DEPARTMENT OF CONSERVATION

To The
Committee to Study Issues Concerning Changes in Traditional Uses
of Maine Forests and Lands
September 28, 2001

Representative McKee, Senator Kneeland, and members of the Committee, my name is John Titus, and I am the lease administrator for the Maine Bureau of Parks and Lands. I would like to provide you with some information regarding the Bureau’s Leasing program. I hope this information will be helpful in the ongoing work of the Committee.

Leases with the Bureau fall into two general categories; those within the Camplot Leasing Program and those which we call leases for special use. The Camplot Leasing Program was established by statute in the 1970’s, and includes 270 residential camplot leases, 9 commercial leases (sporting camps and campgrounds), and 7 tent platform rental sites. The statutes direct the Bureau of Parks and Lands to enter into leasehold agreements with individuals who had held similar agreements with previous landowners prior to transfer of the property to the State of Maine. Some leaseholds were instituted by the former Maine Forest Commission in the 1960’s. The leases are located within 34 unorganized townships and 12 organized towns and plantations throughout western, northern, and eastern Maine. There are several camplot leases within the North Maine Woods system. One is a commercial sporting camp on Debourlie Pond in T15 R9, another is a residential lease on Webster Lake in the T6 R11.

The majority of these leases contain water frontage, and most lot sizes measure ½ acre or less, although there are several in the 4 to 7 acre range. Four of the commercial sites involve 10 to 25 acres.

The Bureau also administers 38 special use leases, 13 are for utility/rights of way, 7 for agricultural purposes, 7 telecommunication leases, 3 recreational use leases, 2 for
environmental education, 2 commercial sporting camps on the AWW, 3 other building leases, and the Long Falls Dam lease on Flagstaff Lake. Most of these leases were in place with previous landowners and were continued by the Bureau.

Although the Bureau does not enter into new camplot leases, existing leases are renewable every 5 years, and may be transferred from one owner to another. Commercial lessees may extend their lease agreements for up to 15 years where financing considerations require it. Although most of the leases have roaded access, such access is not guaranteed. Each lease stipulates that the "Lessor shall have no obligation to erect or maintain any roads or paths, or otherwise to provide access to the premises." By Bureau policy lessees have not been permitted to create access to their lease lots. For instance, a lease which is "water access only" could not be upgraded to allow roaded access.

Lease fees are collected by the Bureau to compensate the citizens of Maine for the rights of exclusive use conveyed to lessees. Revenues from the program pay for the administration of the leasing program, and supports the resource management activities on the Bureau’s Reserved Lands. Approximately 15% of the gross receipts are returned to various towns and plantations in the form of revenue sharing.

By statute, the annual fee for camp leases cannot exceed 10% of the valuation of the land as determined by the State Tax Assessor with the minimum fee set at $150.00. By Bureau policy, lease rates are set at 4% of valuation, which allows the Bureau to meet its program objectives, while keeping lease fees at reasonable levels. There are incremental increases from year to year for approximately ½ of the Bureau’s leaseholds that have not yet achieved the 4% rate of return. The Bureau limits these increases to 50% of the base lease fee over the five year period.

As I mentioned earlier, the statutes direct the Bureau to renew camplot leases at five year internals. However, there have been six leases terminated in the last five years; four for
nonpayment of fees, one at the request of the lessee, and one by virtue of a life tenancy agreement. In all cases, the terminated leases were not offered to other parties.

There have been instances where the Bureau has sold camplots to leaseholders, where they were concentrated along public right of ways. This took place in the 80’s and early 90’s on public lands in Westmanland, Carrabassett Valley, and the Little Moose Unit. This activity was the result of recommendations put forth in a legislative study on the Bureau’s Camplot Program in 1983. In each of these cases, it was determined that the resources and public use values of the remaining ownership was not adversely impacted. The Bureau does not, however, offer camplots for sale where such leases occupy areas of significant resource value, such as along shorelines or within remote areas. These sales would create numerous “inholdings” within the State’s ownership, thereby negatively impacting the Bureau’s management. By retaining these leases, the Bureau would be in a position to return these areas to general public use in the event lessees decided to terminate their leaseholds. This policy is also consistent with the findings in the 1983 Camplot Study.

Lastly, the Bureau is currently in the process of refiguring lot valuations, as directed by statute, in preparation for a new five year cycle which begins January 1st, 2002. The lease agreements and accompanying policies will also be reviewed before the end of this year, with assistance from the Attorney General’s office. The Bureau anticipates that any changes will be minor.

This concludes my brief overview of the Bureau’s leasing program, I would be happy at this or any other time to answer your questions.
The vast majority of recreation lease lots in Maine are held by relatively few large forestland owners. I interviewed land managers for the eleven largest landowners in the state, covering the following aspects of their respective lease programs:

- Number of leases managed
- Creation of new lots
- Lease rates in relation to market rates
- Basis for establishing lease rates
- Who pays property taxes on the lot
- Lease transfer charges
- Future lot sales
- Concerns with in-holdings
- First refusal for lessees if sell
- Assignability of lease
- Lease term length
- Indexing during the term
- Future changes in policies

Number of Leases Managed
Responses ranged from 60 to 1,700 with an average of 551 and a total of 6,060.

Creation of New Lots
Responses ranged as follows:

- We have created an insignificant number over the last three years.
- We have created none recently, as we are concerned with not compromising our flowage rights.
- We are creating only a few new lots per year.

BRET P. VICARY
JAMES W. SEWALL COMPANY

DECEMBER 16, 1993
- We are not creating new lots because it is not our business; the income does not justify its costs.
- We are creating lots within the 2-in-5 year constraints which allow us to avoid subdividing.
- We are creating as many as 6-8 per year, although we could do substantially more.
- We are creating no new lots. (three responses)
- We are creating a few new lots, mainly by request from prospective lessees.
- We have not created new lots since LURC was conceived in 1971. It is not our business, and it potentially interferes with our forestry operations.

**Lease Rates in Relation to Market Rates**

Responses ranged as follows:

- We are currently at market value according to state tax assessments.
- We are under market value and will probably leave rates there for a while, though we are in the midst of approaching a target rate.
- We are under market value, but are on schedule for approaching a target rate.
- We are at market value. (three responses)
- Less than one-half of our leases are near market value, while many of our leases are probably less than half market value.
- We are under market value.
- We are probably under market value, and do not wish to create dissent by being more aggressive.
- We are on our way toward achieving target rates.
- We are below market value, but are increasing our rates.

**Basis for Establishing Lease Rates**

Responses ranged as follows:

- We used to have as a target 5% of market value, using Tree Growth Tax Law withdrawal estimates by the Bureau of Taxation as the basis for market value. We have come down from the goal of 5% because we do not want to put Maine residents out of the market for our lease lots. The lessee pays property taxes, as well as the Tree Growth withdrawal penalty for new lots. There is a $100 lease transfer fee.
- Our rates are being adjusted toward a target maximum of about $1,000 per year on water and $500+ on non-water lots. We do not use market value as the basis for our rates, but we are increasing our rates by about 2%-5% a year to approach our targets. We want to avoid bad public relations. The lessor pays property taxes. There is a lease transfer fee of 10% of state assessed value ($50 for intra-family transfer).
- Our target rate is 3% of state assessed value. The lessor pays property taxes. There is a $150 lease transfer fee ($50 for a family member who has been using the lot).

---

1 LURC zoning limits new lots to 2 every 5 years for a given ownership within a single township in the Unorganized Territory and plantations.
• Our goal is some percentage of market value (on the low end of a 2%-5% range). The lessee pays property taxes, so we adjust rates downward where taxes are exceptionally high. There is a $100 lease transfer fee.
• Our 1994 target is 2% of state assessed value plus the previous year’s property tax plus a $55 administrative fee. We would like to go to 3% but do not yet have authorization. There is a $100 lease transfer fee (none for intra-family transfers).
• Our 1995 target is 4.8% of market value. The lessee pays property taxes. There is a $250 lease transfer fee (none for intra-family transfers).
• We use a percentage of market value; we reached our target in 1993. The lessee pays property taxes. There is a $50 lease transfer fee.
• Our goal is 3% of market value based on state tax assessments. The lessee pays property taxes. There is a $250 lease transfer fee ($50 for spouses).
• We bid out leases from time to time to test market lease rates. Bids are usually at about 10% of fair market value. The lessee pays up to the Tree Growth Tax fee; the lessee picks up the rest. We charge an administrative fee, for initial leases and transfers, of $100-$200 depending on the value of the lease lot.
• Our target is to recover costs plus earn 3% on state assessed values. The lessee pays property taxes. We charge a $100 lease transfer fee ($50 for intra-family transfers; concessions for court-ordered sales).
• Our rates are being increased by some percentage every year during the current term, but our goal is to recover administrative costs, not to achieve a specific return on market value. The lessee pays property taxes. We charge a $100 lease transfer fee; the only exception is for intra-family transfers if administrative costs will be minimal.

**Future Lot Sales**

In general, lot sales have occurred where there will be minimal interference with forest management operations. In-holdings remain a concern of the lessors; in all cases, the interviewee’s primary business is producing forest products. Plans for future sales vary. Comments ranged as follows:

• We have no plans for lot sales. Our concern over in-holdings is the greatest barrier.
• We are not actively selling lots, but we expect to in the future. We are concerned with in-holdings, but most of our shore frontage does not pose an issue.
• We have no plans for lot sales. We are concerned with in-holdings, though selling does not pose many more problems than does leasing.
• We have sold off most of the lease lots outside our core land base. We’re now selling only two or three lots per year. Over the past several years we have offered six lease lots for sale, and only one lessee has opted to purchase.
• We anticipate no sales. Our concern over in-holdings is the greatest barrier.
• All of our lease lots are up for sale. We have strict language in our contracts which will protect our flowage and access rights.
• We have had several large sale programs, but future prospects for sales are limited due to the potential for interfering with forestry operations.

**BRET P. VICARY**
**JAMES W. SEWALL COMPANY**
**DECEMBER 16, 1993**
• We sell lease lots only as part of larger land sales. While we have some concern over
in-holdings, our lease contracts largely protect our rights, so we are content to
continue leasing the lots.

• We have sold a number of lots, but no future sales are scheduled; we will be
evaluating prospects in the future. Past sales have focused on areas where leases are
concentrated, to minimize interference with forestry operations and to command the
best prices.

• We have no plans for lot sales. Our concern over in-holdings is the greatest barrier.

• We are now offering a number of lots for sale, but only in areas where they will not
interfere with forestry operations. We are very concerned with in-holdings.

First Refusal for Lessees if Sell

In all cases where lease lots are offered for sale, lessees have been given first
opportunity to purchase their lots, though in most cases there is nothing in the lease
contract that guarantees them this right. Lessees are always given the option of
continuing to lease. The following variations were reported:

• If the lease is part of a larger forestland sale, say 100 acres, we give the lessee first
  crack at it, but he usually does not buy the whole parcel, so it transfers to another
  buyer with the lease intact.

• Lessees are granted the first opportunity to buy the lot, but there is nothing in writing
  granting them this right.

• The right of first refusal is built into our leases.

• We generally give lessees the right of first refusal.

• Lessees are granted the right of refusal, but they may continue to lease the lot if
  they do not wish to purchase it.

• There is no clause for first refusal rights in our leases.

Assignability of Lease

In some instances, lessors allow the prospective buyer of a camp, who is seeking
financing, to bring in the bank as a co-lessee, as lenders are often reluctant to finance the
camps without an interest in the land. The following comments were reported:

• We do not allow assignment, but we are considering it for the future for mortgage
  purposes.

• We avoid assignment. Where we have assigned a lease to a bank, it has not worked
  well. We do it more with commercial leases.

• We have assigned leases to banks, but we prefer not to.

• We do allow assignment, subject to our approval, and not just to banks — it’s open-
  ended.

• We allow assignment only with commercial leases.

• We allow assignment only with our permission, and only to banks.

• We commonly co-lease to banks.
• We commonly require the bank to be a co-lessee if they want an interest in the land.
• We allow it by special request, for banks and in some cases for seller financing.
• Our leases are assignable with our permission.

Lease Term Length

The following policies were reported:

• We are on a year-to-year schedule, but are considering going to a 3-year contract with right of first refusal if the lot is offered for sale. If we do this, our 3% target return will increase.
• We are on a 5-year schedule.
• We are on a year-to-year schedule, but I have requested going to a 5-year contract.
• We have a one-year term with a three-year rate schedule which is reviewed every three years.
• We have a 5-year term with specified rates.
• We have a year-to-year schedule, automatically renewable each year; there is no rate schedule.
• We have a 5-year term with specified rates.
• We have a 5-year term with specified rates.
• We are just entering the third year of a 5-year term for most of our leases. About 17% of our leases are year-to-year; these are either in sensitive locations, or where the lessee has a history of being uncooperative.
• We are in the third year of a 5-year term. We may go to a 10-year term.
• We have a 3-year term, with the rates specified in the contract.

Indexing During the Term

Only one of the lessors interviewed ties future rates to expected inflation. In general, lessees expect to know what future rates will be. The most common rate increments reflect efforts to achieve target market rates. The following range of comments was reported:

• We do not index our rates.
• We guess what inflation will be, and then develop our rate schedule to reflect inflation. We make necessary adjustments at the start of the next 5-year term.
• Our schedule is based on a percentage of fair market value plus last year's property taxes.
• Our rates escalate according to the need to get up to target market rates.
• If rate increases are in order, we will often raise rates for the first three years of a term, and then hold them steady for the last two years of the term. For other leases that are already at market rates, we hold rates flat during the term.

BRET P. VICARY
JAMES W. SEWALL COMPANY

DECEMBER 16, 1993
Future Changes in Policy

A number of policy changes are being proposed or studied by lessors, many of which are noted in the above sections. Other comments bearing on possible changes are limited to the following:

- In 1993 we asked lessees to clean up any garbage on their sites. In 1994 we will review their compliance. We recently put into our leases a firewood permit for two cords per year of dead trees and logging residues; we provide maps for residue locations.
- We are trying to develop other ways to take a block of land and establish "permit sites" for tents and RVs. These sites would have a fire ring and picnic table. The number of sites in a given area would be determined by demand and capacity. Permit holders would be issued a gate key for access. We would issue more than one annual permit for each site. We are currently working out some problems with LURC on this project.
- We may go to a 10-year term, with the option to adjust lease rates at the end of year 5. Lessees want longer lease terms.
- We expect no significant policy changes.

Conclusion

Most of the landowners surveyed are either approaching or already at target lease rates, most of which are based on some specified return on market value. Based on the many common elements of their programs, it appears that these landowners are somewhat aware of each other’s policies, at least in a general sense. In most cases lessors are concerned with public relations, as well as protecting their rights to manage forestland and control water levels\(^2\) without interference from in-holdings.

The most common rate policy includes a 5-year term with rates specified in advance, with target rates equal to 3% of state assessed values plus a $100 lease transfer fee, and with the lessor paying property taxes. Some rate policies are substantially more aggressive (e.g., near 5% of assessed value and the lessee pays property taxes), and others more benevolent (the goal being to merely recover costs).

\(^2\) Flowage rights issues are significant for only a few of the landowners interviewed.

BRENT P. VICARY
JAMES W. SEWALL COMPANY

DECEMBER 16, 1993
APPENDIX E

Maps Indicating Concentration of Leases in the Unorganized Territory
APPENDIX F

Value of Buildings on Leased Lots in the Unorganized Territory
## VALUE OF BUILDINGS ON LEASED LOTS in the UNORGANIZED TERRITORY

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<thead>
<tr>
<th>COUNTY</th>
<th># of LOTS</th>
<th>BUILDING VALUE</th>
<th>AVERAGE VALUE</th>
<th>LOW</th>
<th>HIGH</th>
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<td>Aroostook</td>
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<tr>
<td>Penobscot</td>
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<td>$17,431,800</td>
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<td><strong>$16,779</strong></td>
<td><strong>$100</strong></td>
<td><strong>$480,730</strong></td>
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</tbody>
</table>

Prepared by the Office of Policy & Legal Analysis
Data Source: Maine Department of Administrative and Financial Services, Bureau of Revenue Services (Unorganized Territory)
APPENDIX G

Thoughts on Economic Impact Analysis of Lease Cancellation
Thoughts on Economic Impact Analysis of Lease Cancellation
from conversations with Michael Montagna from the State Planning Office and Stephen Reiling, Professor of Agricultural and Resource Economics, University of Maine

Information needed to determine economic impact of lease cancellation:

- Number of leases in each location
- Survey data -- individual leases
  - Average number of visits per year
  - Average length of visit
  - Average amount of purchases for goods and services and where made (gas, food, house supplies, repairs, sports equipment, etc.)
- Survey data – sporting camps
  - Number of employees
  - Average revenue to the sporting camp

Need for a Survey; Cost

- There is no data on expenditures by lessees.
- Data on tourism spending is not relevant because tourists spend dollars on lodging, eating out and purchases at outlet stores
- State Planning Office generally contracts out for surveys – cost of $10,000 to $15,000
- Survey may require sending 500 to 600 surveys to get 200 responses; or could do a random survey of a smaller number

Likely impact

- Most likely impact would be on gateway communities, such as Millinocket, Greenville, Jackman, Ashland.
- If most lessees live in the same local area as their camp, no impact is likely
- If most live in Maine, but not in same area as lease, impact on local area may occur.
- Loss of lessees who come to Maine from other states may result in loss of some revenue to the State
- Need to anticipate camp owners responses to termination of leases. Possible shifts in expenditures: e.g. purchase of camps in other areas, increased recreation time spent in other areas of the State.
APPENDIX H

Recommended Legislation from the Majority of the Committee
An Act to Implement the Majority Recommendations of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands.

Sec. 1. 14 MRSA chapter 710-D is enacted to read:

CHAPTER 710-D
Buildings on Leased Lots

§6047. Application

1. Parties to agreement; purposes of agreement. This chapter applies to agreements between:

   A. An owner of land in territory under jurisdiction of the Land Use Regulation Commission, referred to in this chapter as the “lessor”; and
   
   B. A person who intends to construct, or to occupy a structure or structures on that land for recreational or residential purposes on a seasonal or year-round basis, or to operate a business consisting of a sporting camp, campground or retail store, referred to in this chapter as the “lessee”.

2. Prospective application. This chapter applies to agreements entered into or renewed on or after the effective date of this chapter.

§6048. Required terms of agreement

1. Written lease; description of leased premises required. An agreement described in section 6047 must be made in the form of a written lease and must include a description of the boundaries of the land to be leased.

2. Required notice of change, termination or non-renewal; time allowed for removal of structures.
A. A lessor must give a lessee at least 90 days notice of a change in terms of the lease.

B. A lessor must give a lessee at least 90 days notice of termination or non-renewal of the lease, unless there is cause for the termination or non-renewal.

C. Unless the lease is terminated or non-renewed for cause, a lessee has one year or the time specified in the lease, whichever is longer, to remove structures from the leased lot.

D. For purposes of this subsection, “cause” means violation by the lessee of a term of the lease.

3. **Right of first refusal to purchase leased lot.** If a lessor intends to sell, or to offer for sale, one or more lots on which a structure owned by a lessee exists, the lessee has the right to purchase the lot at fair market value, or the price at which the lessor intends to offer or sell the lot, whichever is lower. The lessor must give the lessee at least 90 days to accept the offer to purchase the lot.

4. **Lack of required terms.** A lease is deemed to include the provisions required by this chapter.

**SUMMARY**

This bill includes the majority recommendations of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands. It proposes to regulate the relationship between landowners within jurisdiction of the Land Use Regulation Commission and persons who have leases or other agreements with the landowners to occupy or construct residential, recreational or commercial structures on that land.

The bill requires that such agreements be made in the form of written leases. It requires the leases to provide a description of the boundaries of the leased land, and to provide at least 90 days notice of termination, non-renewal or change in terms of the lease. It also requires the landowner to give the structure owner at least 1 year to remove the structure from the property if the lease is terminated or not renewed, unless it is terminated or not renewed for cause.

The bill also gives the lessees the right of first refusal to purchase the lot on which the structure sits, provided the lessor offers, or intends to offer, the lot for sale.

The minority recommendations of the committee include these provisions and an additional provision to provide for continuity of commercial sporting camp leases.
APPENDIX I

Recommended Legislation from the Minority of the Committee
An Act to Implement the Minority Recommendations of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands

Sec. 1. 12 MRSA §1806 is enacted to read:

§1806. Preservation of commercial sporting camps

1. Definition. As used in this section, unless the context otherwise indicates, the terms “commercial sporting camp” and “campground” have the meanings set forth in rules of the Land Use Regulation Commission, 04-061, Chapter 10, section 10.02, as of January 1, 2002.

2. Department to take land by eminent domain. The owner of a commercial sporting camp located within the jurisdiction of the Land Use Regulation Commission may notify the Bureau of Parks and Lands if, after making reasonable efforts to negotiate with the owner of land upon which the sporting camp is located, the owner of the sporting camp was unable to secure a lease for a term of at least 10 years. Upon receiving such notice, the Bureau shall initiate proceedings to take the land on which the sporting camp is located by eminent domain if the Bureau finds that:

   A. The owner of the commercial sporting camp has made a good faith effort to obtain a 10-year lease with the landowner;

   B. There is a reasonable likelihood that the commercial sporting camp will continue as an economically viable business; and

   C. The continuation of the commercial sporting camp serves a public purpose, such as providing economic benefit to the local or State economy.

3. Lease of land to sporting camp owner. The Bureau shall manage the land in the same manner as it manages other nonreserved public lands under Title 12, chapter 220 subchapter III, except that the Bureau shall lease the land to the sporting camp owner who filed notice under subsection 1, or the successor in interest to that owner, for a term of at least 10 years provided the camp owner agrees to continue operating the camp as a commercial enterprise for the term of the lease.
Sec. 1.  14 MRSA chapter 710-D is enacted to read:

CHAPTER 710-D
Buildings on Leased Lots

§6047. Application

1. Parties to agreement; purposes of agreement. This chapter applies to agreements between:

   A. An owner of land in territory under jurisdiction of the Land Use Regulation Commission, referred to in this chapter as the “lessor”; and

   B. A person who intends to construct, or to occupy a structure or structures on that land for recreational or residential purposes on a seasonal or year-round basis, or to operate a business consisting of a sporting camp, campground or retail store, referred to in this chapter as the “lessee”.

2. Prospective application. This chapter applies to agreements entered into or renewed on or after the effective date of this chapter.

§6048. Required terms of agreement

1. Written lease; description of leased premises required. An agreement described in section 6047 must be made in the form of a written lease and must include a description of the boundaries of the land to be leased.

2. Required notice of change, termination or non-renewal; time allowed for removal of structures.

   A. A lessor must give a lessee at least 90 days notice of a change in terms of the lease.

   B. A lessor must give a lessee at least 90 days notice of termination or non-renewal of the lease, unless there is cause for the termination or non-renewal.

   C. Unless the lease is terminated or non-renewed for cause, a lessee has one year or the time specified in the lease, whichever is longer, to remove structures from the leased lot.

   D. For purposes of this subsection, “cause” means violation by the lessee of a term of the lease.
3. **Right of first refusal to purchase leased lot.** If a lessor intends to sell, or to offer for sale, one or more lots on which a structure owned by a lessee exists, the lessee has the right to purchase the lot at fair market value, or the price at which the lessor intends to offer or sell the lot, whichever is lower. The lessor must give the lessee at least 90 days to accept the offer to purchase the lot.

4. **Lack of required terms.** A lease is deemed to include the provisions required by this chapter.

**SUMMARY**

This bill includes the minority recommendations of the Committee to Study Issues Concerning Changes to the Traditional Uses of Maine Forests and Lands. The minority recommendation includes the majority recommendations and an additional provision relating to commercial sporting camps.

The additional provision requires the Bureau of Parks and Lands of the Department of Conservation to take land by eminent domain if the landowner refuses to sign a lease for a term of at least 10 years with a commercial sporting camp. The Bureau would then lease the land to the commercial sporting camp in order to continue the business.

The provisions common to the minority and the majority reports propose to regulate the relationship between landowners within jurisdiction of the Land Use Regulation Commission and persons who have leases or other agreements with the landowners to occupy or construct residential, recreational or commercial structures on that land.

The bill requires that such agreements be made in the form of written leases. It requires the leases to provide a description of the boundaries of the leased land, and to provide at least 90 days notice of termination, non-renewal or change in terms of the lease. It also requires the landowner to give the structure owner at least 1 year to remove the structure from the property if the lease is terminated or not renewed, unless it is terminated or not renewed for cause.

The bill also gives the lessees the right of first refusal to purchase the lot on which the structure sits, provided the lessor offers, or intends to offer, the lot for sale.
APPENDIX J

Joint Resolution Recognizing Sporting Camps
JOINT RESOLUTION RECOGNIZING SPORTING CAMPS, THEIR HISTORICAL CONTRIBUTION TO THE CULTURAL HERITAGE OF MAINE AND THEIR IMPORTANCE TO LOCAL AND REGIONAL ECONOMIES

Whereas, sporting camps have operated in Maine for over 115 years offering unique experiences in the Maine Woods; and

Whereas, the Maine Woods and the tradition of outdoor recreation is a strong part of Maine’s cultural heritage and identity; and

Whereas, in these times of change and hectic lifestyles, opportunities to relax and commune with nature are scarce and the need to renew one’s spirit is vital; and

Whereas, sporting camps continue to provide respite to thousands of people each year; and

Whereas, sporting camp owners and employees in offering hospitality and exhibiting stewardship of our natural resources have introduced sportsmen, families and outdoor enthusiasts to Maine over several generations; and

Whereas, the continued operation of sporting camps contributes not only to local and regional economies but also benefits the tourism industry throughout the State now, therefore be it

Resolved: That We, the Members of the One Hundred and Twentieth Legislature now assembled take this occasion to recognize Sporting Camps as an integral part of Maine’s cultural heritage, to commend the sporting camp owners of Maine for their contribution to our State and to extend our sincere hopes that the owners of land on which or abutting land on which sporting camps are located continue to respect the tradition of sporting camps and that the sporting camps in existence today thrive throughout the 21st century.
APPENDIX K

Recommendations Regarding Tracking of Land Sales Proposed by the Committee to Study Access to Private and Public Lands in Maine
III. TRACKING CHANGES IN LAND OWNERSHIP

The unprecedented changes in ownership during the last 10 years have caused growing uncertainty among the many recreational users of the vast private land ownerships that have characterized Maine's north woods. The Access Committee shares the concern that as land transfers occur more and larger tracts will be unavailable for traditional recreation. Transactions make headlines in the newspapers when leases are terminated or a road to a favorite pond is gated. Acquisitions by wealthy individuals for personal retreats of "wilderness kingdoms" may represent a trend or may be isolated examples. Timber investment management organizations (TIMO's) now own more than 15% of commercial timberland in Maine. The landowner objectives of the TIMO's may differ significantly from the industrial and non-industrial landowners who have been the dominant forces in the past. Without the systematic tracking of land transfers, the State has no way of knowing to what extent forestland is changing hands. Monitoring land sales is a basic information-gathering step essential to understanding ownership patterns and potential changes in use.

A report, *Forestland Ownership in Maine: Recent Trends and Issues*, presented to the Joint Standing Committee on Agriculture, Conservation and Forestry in March of 2000, provided information on major land transfers between 1990 and 1999. This report was prepared by an Karen Nadeau, an intern for the committee. The Maine Forest Service references this report in the 2001 Biennial Report on the State of the Forest. Providing this type of information periodically could benefit State agencies and policymakers deliberating issues related to timber supply, wildlife management and public recreation.

The committee discussed various sources of data on landownership. State agencies, specifically the Maine Forest Service and Maine Revenue Service, maintain records from which information on changes in ownership can be derived. The recommendations we are making regarding data compilation and reports are made with the intent of providing useful information using existing resources. We did not want to create a new reporting requirement for landowners and did not want to impose a burden on state agencies that would require additional staff or data management capabilities.

**Recommendation 1. Require Maine Revenue Services to report periodically (annually, biennially) on the number of landowners owning more than 500 acres of commercial forestland.** This information can be provided using reports filed with Maine Revenue Services (MRS) for the collection of the Commercial Forestry Excise Tax (CFET). Comparing information on the number of landowners in acreage categories over time will help track how size of ownerships are changing. The table below provide information on ownership size for 2000.

<table>
<thead>
<tr>
<th>Total Acres of Commercial Forestland Owned</th>
<th>Number of Landowners</th>
</tr>
</thead>
<tbody>
<tr>
<td>500 – 999</td>
<td>146</td>
</tr>
</tbody>
</table>

Draft Report of the Committee to Study Access to Private and Public Lands in Maine
<table>
<thead>
<tr>
<th>Parcel Size</th>
<th>Number of Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 - 4999</td>
<td>189</td>
</tr>
<tr>
<td>5000 - 9999</td>
<td>87</td>
</tr>
<tr>
<td>10,000 - 99,999</td>
<td>6</td>
</tr>
<tr>
<td>100,000 acres and above</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>447</td>
</tr>
</tbody>
</table>

There are advantages and disadvantages to all existing data sets. The CFET records provide information on the total acres of forestland owned by a landowner. These records do not have detail on individual parcel sizes or location of the forested acres. The advantages of the CFET records are:

- CFET records include ownerships down to 500 acres in size
- Records include land both in the Unorganized territories and in municipalities
- CFET captures all commercial forestland not just land enrolled under Maine Tree Growth Tax Law

Note: The information in the table above corresponds to ownership classes not parcel or tract sizes. There are 447 landowners who own 500 acres or more of commercial forest land.

Recommendation 2. Require Maine Revenue Services to compile and report the information on an annual basis for land transfers of 10,000 acres or more within the unorganized territories. Transfer tax forms come into MRS on a monthly basis. Maine Revenue Services is the Chief Assessor for the Unorganized Territory (UT) and has information on each property. Tax records are updated as information is received or in the spring prior to tax bills being mailed in August. For land transferred without requiring the recording of a deed, the seller usually informs MRS of the transfer. However, in some instances, MRS does not learn of a transfer until the old owner receives the current tax bill and subsequently contacts MRS.

MRS can provide the information items in the box below without needing additional resources. This would provide timely information on the largest land transfers, which typically are in the unorganized territories. Identifying the seller and buyer would be useful for monitoring trends in ownership such as shifts from industrial owners to timber investment management organizations (TIMO's).

<table>
<thead>
<tr>
<th>Name of seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of buyer</td>
</tr>
<tr>
<td># of acres</td>
</tr>
<tr>
<td>Classification - e.g. Tree Growth, Open Space</td>
</tr>
<tr>
<td>Location - township, county</td>
</tr>
<tr>
<td>Sale price</td>
</tr>
<tr>
<td>Brief description of the property - buildings, leased property</td>
</tr>
</tbody>
</table>

Draft Report of the
Committee to Study Access to Private and Public Lands in Maine
The advantage of using MRS property tax records is that these records provide detail on specific property and this information is public information. MRS only has this detail on land within the unorganized territory. The recommendation to limit the report to information on parcels of 10,000 in size recognizes that it would be a significant demand on MRS to provide this detail on a large number of transfers. Land sales of over 10,000 acres are unlikely to exceed 5 or 6 in any year.

**Recommendation 3. Require the Maine Forest Service to provide information on land transfers of parcels of 1,000 acres or greater enrolled under Tree Growth Tax Law.** The Maine Forest Service receives annual reports from municipal assessors with the names of all landowners with land enrolled under TGT. For each landowner MFS has the total acres enrolled, acres by forest type breakdown (softwood, mixed wood and hardwood) and the year each parcel was accepted under TGT. MFS can query its database to determine the number of parcels that have changed owners. Limiting the report to parcels 1,000 acres and larger would not place a tremendous burden on the agency and would capture information in ownership for the larger tracts.

The impact of changes in ownership for much smaller parcels can also be significant for public access, particularly for access to water bodies, however, information on a multitude of smaller transactions would be cumbersome for data management and for analysis. Assuming the number of transfers above 1,000 acres is not too unwieldy, a knowledgeable staff person familiar with landowners in the State could derive and present information of the number of transactions and also changes in types of ownership: i.e. small private owner, industrial owner, TIMO.

This recommendation for land transfer information is not made with the intent to set tree growth lands apart for specific recommendations with regard to public access. It is proposed simply because state agencies have this information in a database that can be readily queried and most of the land the public has traditionally used for outdoor recreation is enrolled under Tree Growth.

**Recommendation 4. Require the Maine Forest Service and Maine Revenue Service to report annually on land enrolled under tree growth.** Working together to provide information on land in both the municipalities and unorganized territories, MFS and MRS can provide the following information either in a separate report or as part of the biennial State of the Forest Report. The report must include a comparison with prior reports to provide a profile of Maine’s forestland ownership and how parcel size is changing. The rationale for including this recommendation is that larger ownerships are more likely to be open to the public for recreation (Birch, 1982). A trend towards smaller parcels may be an indicator of decreasing opportunities for recreation on private lands.

The table below presents information on the number of parcels enrolled under Tree Growth Tax Law for parcels in the organized territories. The Maine Forest Service provided this information. Maine Revenue Services will have the programming capabilities to generate similar reports for the unorganized territories by summer of 2001.

Draft Report of the Committee to Study Access to Private and Public Lands in Maine

<table>
<thead>
<tr>
<th>Parcel Size Category</th>
<th># of Parcels 1997</th>
<th># of Parcels 1999</th>
<th># of Parcels 2001</th>
<th>Net Change in # of Parcels between 1997 and 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-49 acres</td>
<td>9410</td>
<td>9782</td>
<td>9911</td>
<td>+501</td>
</tr>
<tr>
<td>50-199 acres</td>
<td>7248</td>
<td>7577</td>
<td>7700</td>
<td>+452</td>
</tr>
<tr>
<td>200-499 acres</td>
<td>1230</td>
<td>1264</td>
<td>1304</td>
<td>+74</td>
</tr>
<tr>
<td>500-999</td>
<td>349</td>
<td>344</td>
<td>349</td>
<td>0</td>
</tr>
<tr>
<td>1000-4999</td>
<td>289</td>
<td>300</td>
<td>289</td>
<td>0</td>
</tr>
<tr>
<td>5000 – 9,999</td>
<td>74</td>
<td>69</td>
<td>67</td>
<td>-7</td>
</tr>
<tr>
<td>10,000 – 99,999</td>
<td>67</td>
<td>65</td>
<td>65</td>
<td>-2</td>
</tr>
<tr>
<td>Over 100,000 acres</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,664</strong></td>
<td><strong>21,400</strong></td>
<td><strong>21,686</strong></td>
<td><strong>1022</strong></td>
</tr>
</tbody>
</table>

Again the reason for using information on land in tree growth is that the information is readily available. To compile this information on all forestland in Maine would require extensive research or municipal reports.