

Are There Ways To Capture Value From Wildlife?

by James E. Knight, MSU Extension Wildlife Specialist

Ranchers often look at wildlife as a liability and as an obstacle to maximizing economic efficiency on a ranch. In some cases big game compete with livestock for available forage, cause damage to haystacks, damage fences and in general provide challenges for ranchers. But maybe we should look at potential ways to make wildlife a positive part of a ranch operation rather than a negative part. Following are some questions we get that relate to making wildlife an asset. Our attempt is to educate. We must strive to provide information without advocating. The concept of landowners deriving benefits from the wildlife resource is controversial. Our challenge is in defining the sensitive balance between private property and a public resource. The dilemma is managing a public resource on private property.

Q: What are some strategies for making wildlife an asset?

A: The Montana Department of Fish, Wildlife and Parks has a program called block management to provide economic incentives to landowners who allow public hunting on their ranch. If a landowner needs to have big game populations managed, hunting is the most logical management tool available. Payment for allowing public access for hunting can be significant. Legislative action in 1995 has increased the amount of payment a landowner can receive up to \$8,000. Conservation easements are purchased from landowners to ensure wildlife habitat considerations are permanently addressed. The amount paid to a landowner depends on the value of the land to wildlife and the potential of the land for development. Some conservation easements have been purchased for \$300 per acre. Leasing hunting rights to outfitters can be a significant source of income to landowners. The importance of a formal agreement that addresses the needs of the landowner is imperative. Liability concerns must be addressed. Fee hunting enterprises conducted by landowners are controversial but may result in situations benefiting landowners, wildlife and public hunters. Landowners should weigh the costs and benefits of starting a fee hunting operation.

Q: How can I keep from losing control of my ranch if I get into block management?

A: Some landowners are discouraged from participating in block management because they feel that public hunting may get out of hand. It's important to recognize that a block management program can be tailor made for your operation. If you feel a limited number of hunter days are desirable, this will be a part of your block management agreement. If you feel you would like to select the hunters that are on your land, this can also be a part of the agreement. Take time to discuss with local Fish, Wildlife and Parks personnel just what your payment would be for the particular hunting program you would allow.

Q: How do conservation easements work?

A: The utilization of conservation easements as an incentive for landowners to provide wildlife habitat is not new. They have, however, generated more interest recently because wildlife agencies such as the Montana Department of Fish, Wildlife and Parks realize that many of the interests of the landowner are compatible with the interests of

the wildlife habitat manager. Many landowners do not realize the significance of payment that can be made for entering into a conservation easement nor do they realize the flexibility that can be incorporated into the agreement. It's important to recognize that just as an oil or power line easement on a deed is permanent, so is a conservation easement. A conservation easement is attached to the deed and provides for certain restrictions as to how the land is utilized in the future. Most conservation easements are designed to keep the land from being subdivided. Payment for the conservation easement is usually based on how much the value of the property will be reduced if it could not be subdivided versus what developers would be willing to pay for the land at the present time. Most conservation easements not only allow, but encourage that present agricultural practices continue. For some landowners the attractiveness of a conservation easement is that the land will be guaranteed to stay in the use it is in today. Traditional producers who have been on a ranch for many years, sometimes are attracted to a guarantee that the ranch will stay in one piece.

Q: Does a conservation easement mean I have to open my land to the public?

A: Many landowners are concerned that participation in a conservation easement will open their land to the public. It is important to recognize that the terms of a conservation easement are entirely negotiable. If, for example, a landowner desires that only limited hunting be allowed on the ranch, this is something that can be put in the easement. If the landowner wants only hunters selected by them to be on the ranch, again this is something that can be put into the agreement. Some landowners are also concerned that entering into a conservation easement agreement will prevent their heirs from being able to live on the ranch and having a home site. Again, a great deal of flexibility is allowed in the conservation easement and areas can be designated for future home sites or potential home sites.

Q: Will my land be worth less if it has a conservation easement?

A: If a landowner is concerned that the ranch will be worth less in the future, then payment for the easement should be invested to make up future differences in net worth. There have been some situations in Montana where the presence of a conservation easement attached to a deed actually increased the value of the land. Much of the interest in land purchases in Montana is from people oriented toward conservation. The attachment of a conservation easement will often make the land more attractive to these types of buyers.

Q: How much can I get for a conservation easement?

A: The amount of payment is dependent on the value of the land as wildlife habitat and to a certain extent the potential for that land to be developed in the near future. Some situations in Montana have resulted in land areas as small as 5,000 acres being placed into conservation easements for payments as high as 1.5 million dollars. In other areas where the wildlife habitat values are not as significant, the payments may be significantly less. The highest payments are for large portions of land providing critical habitat in areas sought for development.

Q: Who buys conservation easements?

A: Under Montana law public bodies and private organizations that meet certain qualifications may hold conservation easements. At the present time holders of

conservation easements in Montana include Montana Land Reliance, Trout Unlimited, the Nature Conservancy and Montana Department of Fish, Wildlife and Parks.

Q: Is a lease to an outfitter a good deal for a landowner?

A: Many landowners in Montana lease their hunting to outfitters. This can be a significant source of income. If the right outfitter is utilized this practice can result in sound wildlife management incorporated into ranch management needs. It should be recognized, however, that the price an outfitter pays the landowner will be significantly less than what the outfitter will charge hunters. Studies have shown that most of the price a hunter will pay is dependent upon the services provided. These services are what the outfitter provides. A landowner should receive 10-50% of what the outfitter charges a hunter. This percentage will depend on what the landowner provides and the demand for the ranch's hunting opportunities.

Q: How can I be sure the outfitter will keep ranch needs in mind?

A: If a rancher is considering deriving income from their wildlife resources through the use of an outfitter, it is very important that the landowner interviews and discusses the situation with several outfitters before a decision is made. It is also recommended that the initial contract with an outfitter be for one or two years so that the landowner will have the option of ending the relationship if the program is not working out. Once it is established that the outfitter is providing for the needs of the landowner, a longer-term contract may be desirable so that wildlife management and population decisions can be long term. Most outfitters are interested in harvesting adult, male big game animals. From the rancher's standpoint, overall population control, which includes antlerless animals as well, is a major concern. An outfitter who only allows for trophy harvest will soon leave the rancher with a big game population problem.

Q: What about liability?

A: Liability is always a concern of landowners that are deriving income from wildlife. It is important that a landowner who is leasing the hunting rights to an outfitter be certain that the landowner is specifically named in the liability insurance policy which is provided either by the outfitter or the landowner themselves. Often an outfitter will provide the landowner with evidence that they have liability insurance. This means very little to the landowner unless the landowner is specifically named as being protected under the policy.

Q: Isn't fee hunting controversial?

A: Although outfitting is accepted in Montana as a legitimate enterprise, there is much controversy associated with landowners conducting their own fee hunting operations. Although most wildlife interests recognize that landowners who look at wildlife as an asset rather than as a liability will take better care of their wildlife, there are still traditional and social concerns associated with landowners charging for hunting on private land. Many landowners find the goodwill provided by free hunting is enough benefit to continue allowing free hunting. Other landowners have found past negative experiences with public hunters or their economic situation to be the incentive they need to charge for hunting opportunities on their land. Many places throughout the West are receiving \$7,000 per elk hunter. Deer and antelope may bring as much as \$3,000 or \$4,000. It is important to recognize that individuals willing to pay these prices to hunt on private land are expecting a quality hunting opportunity and not a

guaranteed hunt. It's important to recognize that the recreational experience and the services provided are what allow income to be derived from hunting situations.

Q: What are some considerations?

A: A landowner considering a hunting enterprise should first recognize some of the positive and negative connotations of this decision. A landowner must have the right personality to deal with public hunters and to provide a quality and enjoyable experience for clientele. They must be willing to accept strangers on their land and welcome them as guests. For many landowners this is a difficult situation because they have little tolerance for individuals who don't understand the complexities of a ranching operation. Some landowners recognize that they have this shortcoming and hire a hunt manager or utilize a family member or employee who has the necessary personality. Hunting seasons are in the fall of the year and this may conflict with other ranch operations. Consider the social and traditional concerns associated with fee hunting operations. Utilizing local hunters as guides or offering public hunts for antlerless animals will sometimes help alleviate concerns. Put some of your profits into improving wildlife habitat and consider hunt donations as fundraisers for sports groups. A landowner should weigh all the costs and benefits before entering into a fee hunting operation. If the fee hunting operation will allow the ranch to remain economically viable and if the wildlife enterprise prevents the land from being subdivided or developed, then certainly the benefits to wildlife outweigh the costs of limiting public hunting opportunities.

Q: What about liability?

A: Some landowners are concerned about liability associated with wildlife enterprises. While this is certainly a legitimate concern, it can be addressed by obtaining the necessary insurance coverage and looking at this expense as a cost of the enterprise. As with any enterprise, expenses are paid through income received. Although records of successful lawsuits involving wildlife enterprises are limited, the importance of liability coverage revolves around the costs associated with legal fees when defending oneself in a lawsuit. Landowners should contact their insurance agent to see if they are already covered under their ranch policy if they start a hunting enterprise or how much a rider to their policy would cost.

Q: Are there other income producing opportunities?

A: Some people find it amazing that visitors to Montana are willing to pay for the opportunity to shoot prairie dogs, go bird-watching or take pictures of deer. But the fact is many recreationists are more concerned about the time they have available than whether they have to pay for their experiences. Your ranch might derive supplemental income from providing recreational opportunities. Advertising in appropriate magazines or newsletters might help you contact people interested in a place to go gopher or prairie dog hunting. Some people like to hunt coyotes or fish your streams. Renting out part of the bunkhouse can derive more income. Photo safaris are not new but few landowners realize the demand for wildlife photo opportunities. Photo buffs are willing to pay and all the rancher needs to do is point out the best areas or put up simple blinds near prairie chicken grounds, deer crossings or other places for "good shots". Again, the bunkhouse or a place to park the RV can provide additional income. Keep your mind open and look around for recreational income producing opportunities on your ranch. We often take ranch situations for granted that might be unique to others.

