

STATE BOARD OF LAND COMMISSIONERS

September 15, 2026

Consent Agenda

Subject

Conditional authorization to purchase the Forest Legacy Program easement, known as the Spirit of Mount Spokane Project Phase 2, comprising approx. 11,625 acres of privately-owned forestland in Kootenai County.

Question Presented

Shall the land board authorize the Department to accept the second phase of the Spirit of Mount Spokane Project into Idaho's Forest Legacy Program, should additional funding be granted for the project?

Background

- The Idaho State Board of Land Commissioners authorizes the Idaho Department of Lands to acquire such interests by voluntary, cooperative means and to create a Forest Legacy easement pursuant to Idaho Code Title 55, Chapter 21.
- The Cooperative Forestry Assistance Act (the "Act") of 1978 (16 U.S.C. 2101 et. seq.), as amended by Section 1217 and Title XII of the Food, Agriculture, Conservation Trade Act of 1990 (16 U.S.C. 2103c), established the federal Forest Legacy Program to protect environmentally important forestlands threatened with conversion to non-forest use.
- The Forest Legacy Program is funded through congressional authorizations and offshore oil drilling royalties. This project has been awarded three different grants, and FLP has applied for a final grant to address the funding shortfall due to increasing land values in Idaho.

The Forest Legacy Program (FLP) is a voluntary initiative. It empowers private landowners to safeguard their forestland for perpetual timber production. Under the program, they voluntarily sell their development rights at market value, but retain land ownership, management, and revenue from their land while continuing to pay property taxes. Federal grants allow Idaho's FLP to purchase the development rights, preventing the land being converted to non-forest uses. (Attachment 1 – FLP Fact Sheet).

With a growing Idaho, many large tracts of forestland are threatened by subdivision and development. Forest Legacy helps prevent sprawl into the Wildland Urban Interface or WUI, while ensuring a steady, reliable sawlog and fiber supply for industry and future mill infrastructure investments.

All properties participating in the Forest Legacy Program have a Forest Stewardship Plan, helping keep the forests healthy and managed, which helps mitigate wildfire risk.

The full Spirit of Mount Spokane Project in Idaho consists of approximately 33,977.11 acres under the ownership of the Inland Empire Paper Company, who wishes to convey the development rights by way of a conservation easement to the Department to conserve this working forestland in perpetuity, thereby protecting the economic and environmental values while keeping the property in private ownership.

The first phase, was approved by the Board in February 2026 and was completed in March of this year. This phase conserved 22,352.05 acres of working forestlands, while securing non-motorized public access (Attachment 2- Map).

The second phase of this project is in the process of receiving federal funding outside of the normal funding cycle, due to the importance of the project and the advanced readiness. Inland Empire Paper Company is committed to conserving these lands and is providing the 25% match, via donation of easement value.

<u>Landowner</u>	<u>Appraised CE Value Phase 2</u>	<u>Landowner Donation</u>	<u>Total FLP Grant Funds Remaining</u>	<u>FLP Request</u>
Inland Empire Paper Company	\$30,328,836	\$7,582,209	\$19,127	\$22,727,500

The Spirit of Mount Spokane acquisition is consistent with the goals and objectives of Idaho's FLP and will protect the following significant conservation values:

- **Timber:** Idaho's Forest Action Plan identifies the area where the project lands are located as one of the highest priority areas for forestland protection in the state.
- **Wildlife Habitat:** Project lands contain and connect some of the most valuable wildlife habitat in Idaho, supporting an abundant assortment of game and non-game species.
- **Public Recreation:** The conservation easement terms ensure that these lands will remain accessible to the general public for recreational uses including hunting, trapping, fishing, biking, hiking, cross-country skiing and wildlife viewing. The conservation easement will relinquish the fee associated with recreation of these IEP lands for non-motorized users accessing the property. Standard motorized access will continue to require a fee, when allowed, which supports ongoing road maintenance.

- **Landscape Scale Conservation Impact:** The Spirit of Mount Spokane Project is located in a high priority area. This project is a multi-state project, conserving working forest land on both the Idaho and Washington sides of Mount Spokane State Park.

The project has garnered broad public support by various public and private entities (Attachment 3-Public Support). The Kootenai County Commissioners supported the project through the application phase, and has been updated regularly throughout the process. These forestlands have substantial and significant conservation and economic values that are of great importance to the people of Idaho. The protection of these values will yield a significant public benefit.

Recommendation

Authorize the Idaho Department of Lands to accept the Spirit of Mount Spokane – Phase 2 Project into the FLP by way of conservation easement on the condition that the anticipated grant funds are awarded.

Board Action

Attachments

1. Forest Legacy Program Fact Sheet
2. Map
3. Public Support

FOREST LEGACY PROGRAM (FLP)

Helping private landowners keep their working forests working.

FLP, a voluntary initiative, enables landowners to safeguard their forestland for perpetual timber production, offering financial incentives similar to selling for development. Owners retain their land, pay property taxes, and manage timber harvesting.



**FOREST LEGACY
CONSERVATION LAND**

What land qualifies for the Forest Legacy Program?

Eligible properties must be privately owned, over 5 acres, 75% forested, and within Idaho's priority landscape areas, as per the Idaho Forest Action Plan. Funding is awarded through a competitive, nationwide process.

Are Forest Legacy projects funded by Idaho's General Fund?

No. Funding stems from congressional authorizations and offshore oil drilling royalties. Participating landowners contribute a 25% match, typically via tax-deductible donations.

Will there be more working forestlands enrolled in Forest Legacy in the future?

Yes. Idaho's industrial forestland owners are eager to expand private land enrollment in FLP. Idaho is ready to compete for a share of the \$700 million national fund allocated for FLP projects.

How would a property owner start the process?

Reach out to your local land trust, a non-profit specializing in land acquisition for public benefit, as all FLP applications need a land trust sponsor.

Why is Forest Legacy important?

FLP ensures a steady supply of industry sawlogs and fiber, mitigates wildfire risks, and prevents sprawl in the Wildland Urban Interface (WUI). It bolsters local economies by safeguarding rural jobs and enhancing recreational access, while preserving wildlife habitat, water quality, and scenic landscapes.

How does Forest Legacy work?

Under FLP, forestland owners sell their development rights but retain ownership, management, and profits from their land, while reducing development in the WUI. Idaho holds these rights in trust and counties still receive tax revenues from these lands.

What does FLP have to do with mitigating fire risk?

FLP requires a Forest Stewardship Plan and sustainable management per Idaho's Forest Practices Act, which reduces vulnerability to catastrophic fires. By limiting WUI expansion, it helps ensure fire protection can be provided with fewer resources.

How does FLP safeguard the supply of fiber for industry?

FLP keeps working forests working, helping to ensure a reliable fiber supply for industry and future mill infrastructure investments. Together with endowment forestland, FLP helps sustain long-term fiber availability for mill operations, as well as sustaining jobs within our communities.

What does FLP do to help sustain wildlife habitat?

Priority areas in FLP often overlap with crucial habitats for threatened species. Maintaining forested land supports wildlife habitats and creates corridors for movement, aiding in the recovery of species like the Bull Trout. Fewer residential structures in these areas also minimize wildlife-human conflicts.

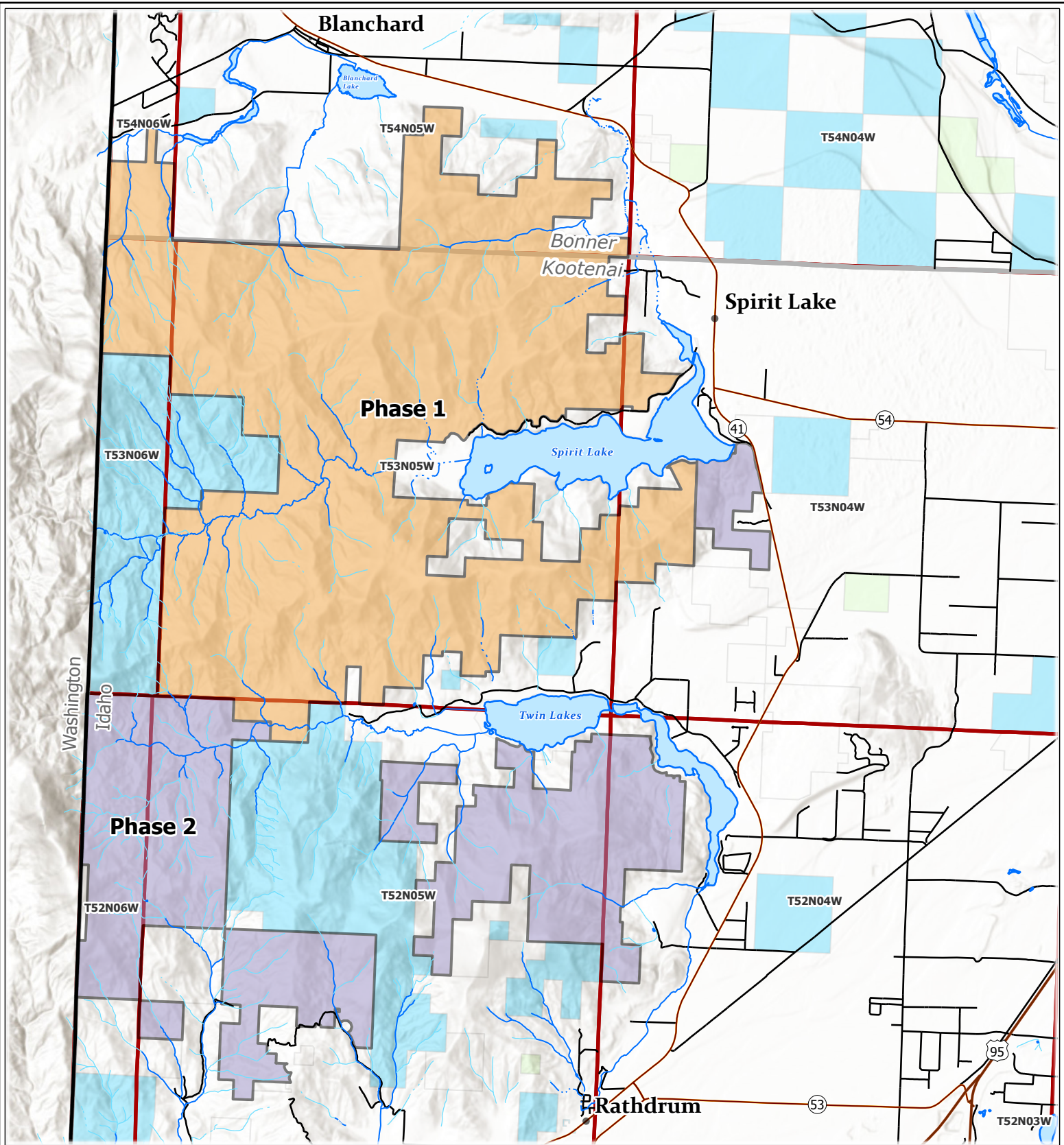
How does FLP improve recreational access?

Since 2003, FLP has made 93,339 of its 103,252 timberland acres (90%) available for public recreation. As Idaho grows and demand for recreation access increases, FLP incentivizes private landowners to offer public access in line with their forest management goals.



For more info scan the code or visit

<https://www.idl.idaho.gov/about-forestry/forest-legacy-program/>



Legend

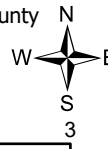
- | | |
|-----------------|-------------------------|
| Phase 1 | United States |
| Phase 2 | Idaho |
| Lakes | County |
| PLSS Township | Class I - Perennial |
| Private | Class I - Intermittent |
| State | Class II - Perennial |
| USFS | Class II - Intermittent |
| County Boundary | |

Spirit of Mt. Spokane

T53N - R05W, T52N - R05W
T53N - R04W, T52N - R04W
T52N - R06W, T53N - R06W
Kootenai and Bonner County



1/27/2026



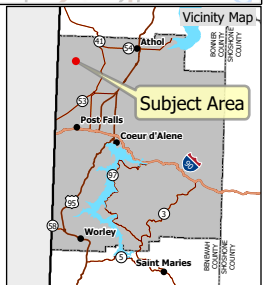
0 3
Miles

Map Notes

Projection: Idaho Transverse Mercator, NAD 83

Map Notes and Data Sources

Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.



Attachment 3

Public Support of the Spirit of Mount Spokane Project in Bonner and Kootenai Counties

The following local, state, and federal governmental agencies, conservation organizations, and recreation organizations have provided written letters in support of the purchase of the development rights, by way of conservation easement, on the Spirit of Mount Spokane Project:

- Kalispel Tribe of Indians
- Bonner County Commissioners
- Kootenai County Commissioners
- Idaho Department of Fish and Game
- Idaho Sportsman Access and Opportunity
- Idaho Conservation League
- American Rivers
- Headwaters Economics
- Idaho Backcountry Hunters and Anglers
- Idaho Coalition of Land Trusts
- Idaho Forest Group
- Idaho Forest Owners Association
- Idaho Panhandle National Forest
- Idaho Wildlife Federation
- Inland Northwest Land Conservancy
- Kaniksu Land Trust
- Panhandle Forest Collaborative
- Spirit Lake Area Chamber of Commerce
- Trout Unlimited
- Washington State Park and Recreation Commission
- Yellowstone to Yukon Conservation Initiative

STATE BOARD OF LAND COMMISSIONERS

September 15, 2026

Regular Agenda

Subject

Fiscal Year 2028 Idaho Department of Lands (Department) Budget Request

Question Presented

Shall the Land Board approve the Department's FY2028 budget request as submitted to Division of Financial Management (DFM) and Legislative Services Office (LSO) on Tuesday, September 1, 2026?

Discussion

The budget was developed in accordance with guidelines provided by DFM that prescribe a 1% change in employee compensation (CEC), 25% estimated variable benefit rate, and \$17,850 health benefit per full-time employee for the agency. The request includes 4.83 new FTP, bringing our agency's total FTPs to 339.76.

On August 18, 2026, the Land Board approved the Department's FY2028 enhancement decision units (Attachment 1). The Department's budget submittal included the following revisions to our enhancement requests:

- DU 12.01 – Original request was for \$131,800 in general funds; revised request is for \$140,300 based on the fire rescission amount JFAC restored in FY2027.
- DU 12.02 – Original request was for \$186,600; revised request is for \$184,800 based on Luma personnel calculations.
- DU 12.03 – Original request was for \$122,500 and 1.0 FTP; revised request is for .83 FTP and a total of \$92,700.
- DU 12.04 – Original request was for \$152,200; revised request is for \$149,800 based on Luma personnel calculations.
- DU 12.05 – Original request was for \$186,600; revised request is for \$184,800 based on Luma personnel calculations.
- DU 12.06 – Original request was for \$114,500; revised request is for \$112,700 based on Luma personnel calculations.

DU 12.18 – Original request was for \$3M in T&B; revised request is for \$1M in operating and \$2M in T&B.

DU 12.79 – Original request was for \$1,260,100; revised request is for \$1,230,000 based on updated figures from OITS.

The revisions above total a decrease of \$59,200. With the revisions noted above and outlined in Attachment 2, the Department's FY2028 total budget request by funding source is as follows:

FUND TYPE	AMOUNT
General Fund	\$11,794,000
Earnings Reserve Fund	\$40,288,700
Federal Funds	\$15,389,300
Other Dedicated Funds	\$20,999,600
TOTAL REQUEST	\$88,471,600

The FY2028 budget request reflects the following increases compared to the FY2027 original ongoing appropriation:

FUND TYPE	\$ CHANGE	% CHANGE
General Fund	\$263,300	2.37%
Earnings Reserve Fund	\$2,356,200	6.39%
Federal Funds	\$3,000,000	24.34%
Other Dedicated Funds	\$4,392,000	27.28%
TOTAL	\$10,011,500	13.10%

Recommendation

Approve the Department's FY2028 budget request as submitted to Division of Financial Management and Legislative Services Office on Tuesday, September 1, 2026.

Attachments

1. Approved Board Memo – August 18, 2026
2. Revised FY2028 Budget Enhancements