

Protecting Farmland: It's A Good Thing

—Maura McDermott

Thirteen participants from Oklahoma and surrounding states attended the Kerr Center's "Protecting Our Farmland" workshop, May 21-23, at the Regents Conference Center in Poteau.

Those in attendance included farmers and ranchers as well as representatives from tribal and government agencies and nonprofit organizations. Experts from the Trust for Public Land (TPL) and the American Farmland Trust (AFT), two national organizations, presented an array of ideas to help those interested in preserving farms and farmland in Oklahoma move forward.

Robert Wagner and Kevin Schmidt of the AFT covered what individuals and communities gain from protecting agricultural land, and the various tools being used to help farmers and ranchers preserve their land and businesses. Participants received a thick notebook of fact sheets and other reference information.

The groups spearheading farmland protection vary according to locale. The Pennsylvania and California Farm Bureaus were among the first to speak out for farmland protection, mainly by lobbying for farmland protection programs in their states. The Colorado Cattlemen's Association has created a very successful agricultural land trust. The Michigan Farm Bureau is following in Colorado's footsteps, and also hosts an annual bus trip to the Mid-Atlantic states to provide farmers and

policymakers with real life example of how farmland protection works. The Farmers Union is also interested in the issue.

Some of the tools for farmland preservation include growth management laws, right-to-farm laws, creation of agricultural districts, differential tax assessment, agricultural protection zoning, cluster zoning, mitigation ordinances, and comprehensive planning.

Oklahoma utilizes differential tax assessment to help farmers and ranchers. These laws direct local governments to assess agricultural land at its value for agriculture, instead of its full fair market value, which is generally higher.

One of the most popular approaches to farmland protection is known as PACE—Purchase of Agricultural Conservation Easements, sometimes referred to as Purchase of Development Rights (PDR). Oklahoma passed its Uniform Conservation Easement Act in 1999, enabling the creation of conservation easements in the state. Before this, said Jack Blair of TPL, "the use of perpetual easement was not a viable tool."

A conservation easement is a voluntary agreement that allows a landowner to limit the type or amount of development on their



Robert Wagner

property while retaining private ownership of the land and the ability to continue to farm and live on the property.

The development rights, in the form of a conservation easement, are either donated or sold to a government entity or a private land trust. Whoever holds the easement monitors the land from time to time to make sure that no excluded development occurs.

Conservation easements and how they work was the focus on the third day of the workshop, when participants worked on assessing and preparing a conservation easement on a real piece of land. This hands-on aspect of the workshop, led by Robert Gregory and Jack Blair of the Trust for Public Land, and the Kerr Center's Jim Horne and Anita Poole, was particularly popular with participants.

Though people often grant conservation easements because they want to protect their property from unwanted development, the donation of an easement may also give the donor a significant financial advantage. These advantages may include income tax, estate tax, and property tax relief.

According to AFT, while few family farmers or ranchers die leaving a taxable estate, "estate tax liability is an important and very real issue for farmers near urban areas, where development speculation has made land prices skyrocket." (An extreme example: California's Salinas Valley where farmland prices have inflated to an incredible \$30,000 per acre fair market value). In Colorado, ski resorts are expanding and the appetite for vacation homes continues unabated, putting pressure on ranchers.

For landowners with sizable estates, making a bequest of a conservation easement to a nonprofit organization can be a practical way to reduce their estates.

Recently, 760 acres out of the 1000 acre Wyckoff Ranch in Osage County became the first conservation easement created under the 1999 Oklahoma legislation. TPL worked with owner Lydia Wyckoff. The land was under pressure from development near Skiatook Lake, and Wyckoff wanted to keep the land intact and viable for raising cattle and for hunting.

Farm organizations were once wary of perpetual agricultural conservation easements. However, "farm organizations really started to change when they realized that easements are an estate planning tool," said Wagner, AFT's assistant vice-president for regional programs.

Farm organizations are also starting to understand that selling an easement may provide cash-strapped producers with money to pay off their debts or for their retirement. About twenty states have PDR programs that help agricultural landowners by paying them for the development rights. For example, in the Texas Hill Country, development rights are 50-80 per cent of the land's value. Often money gained from selling development rights is used to help farmers stay in production.

The AFT has surveyed Vermont farmers who have sold their development rights. Debt reduction was the primary use of proceeds from the sale of development rights, followed by purchasing more land, and building or improving farm buildings. In addition, an overwhelming majority of the farmers surveyed were satisfied with the PACE program and said they would do it again.

TPL has also found that the money gained from the selling of

development rights is used to retire debt and diversify operations, as in the case of the 17,000 acre V-6 Ranch in central California. TPL purchased the development rights in 2001 for \$2.9 million. The easement was then conveyed to California Rangeland Trust, which is governed by ranchers.

As of 2001, there were twenty state level PACE/PDR programs that have protected 806,500 acres, spending \$1.2 billion. Farmland preservation efforts got a boost in the recently enacted 2002 Farm Bill. The Farmland Protection Program of the NRCS was reauthorized and expanded. The program provides matching funds to state, local, tribal and now non-



governmental organizations with existing farmland protection programs.

During the workshop, attendees were asked to identify why there is a need for farmland preservation efforts in Oklahoma. Their list included enhancement of farmer finances, including the financial needs of aging farmers, estate planning, water quality and use, balancing local fiscal responsibilities, rural economic development, access to hunting/conservation of wildlife, preserving green space around cities, and food security/local food production.

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In many parts of the country, preserving agricultural land is seen as a way to protect the environment. There are 932 million acres of private agricultural land in the US; sixty per cent of wetlands and thirty-eight percent of woodlands are on this land.

"Developed land has far more negative long-term environmental implications and fewer opportunities to reverse the damage," said Wagner.

According to a recent article in *Progressive Farmer* magazine, "Both Austin and San Antonio are buying development rights to protect scarce water resources (including recharge of aquifers) around their city limits." Protection of the water quality of fishing lakes is another prime concern

in the Lone Star State

The "Smart Growth" philosophy drives farmland preservation in the Northeast. "Privately owned agricultural land generates more in taxes than it uses in services," said Wagner. Eighty studies around the country, half of them done by AFT, show that for every dollar of tax revenue, the cost of community services for residential development is \$1.15, while for farms it is 36 cents. Communities are beginning to recognize the strain on revenue and services that unplanned development can bring.

Unlike a city's balance sheet, "quality of life" is much harder to quantify. The desire to preserve green space around Norman was the motivating factor behind the formation two years ago of the

Norman Area Land Conservancy Trust, according to Blair of TPL. The Norman organization is currently the only land trust in Oklahoma (in contrast, there are 38 land trusts in Colorado). Organizers were concerned that Norman was being engulfed by greater Oklahoma City and was losing the farms and ranches that formed the "green space" around the city. (Some two million acres of farmland has become suburbanized in Oklahoma since 1940.)

Workshop participants agreed there is a need for more land trusts in Oklahoma. Participants also agreed that concerned individuals, organizations, communities, and government agencies should get together and discuss the next steps in protecting farmland in Oklahoma.

Kerr Center Awarded \$119,905 SARE Grant

The Kerr Center for Sustainable Agriculture recently received a grant from the USDA's Sustainable Agriculture Research and Education, southern region, in the amount of \$119,905.

The grant will allow the Kerr Center to train agricultural professionals from the Southern states, the Virgin Islands and Puerto Rico in farm and ranchland preservation methods.

Planning for the workshops is currently underway with the assistance of a diverse advisory council.

The workshops will be held in 2003 in Oklahoma City, Memphis, and Atlanta. The participants will receive training on the tools used to preserve farm and ranchland, such as agricultural districts and conservation easements.

The Kerr Center is working closely with OSU, Langston University, American Farmland Trust and Trust for Public Lands to ensure the success of this

program. For more information, you can contact Anita Poole by email at apoole@kerrcenter.com or by phone at 918-647-9123.

For more information on farmland protection contact:

Oklahoma Field Office, Trust for Public Land
403 South Cheyenne Suite 300
Tulsa, OK 74103
(918) 587-2190
FAX (918) 587-2169
www.tpl.org

American Farmland Trust
1200 18th St. NW Suite 800
Washington, DC 20036
www.farmland.org